CLERK'S COPY.

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1937

No. 645

ARKANSAS LOUISIANA GAS COMPANY,
APPELLANT,

vs.

DEPARTMENT OF PUBLIC UTILITIES, THOMAS FITZHUGH, W. H. BLALOCK AND MAX H. MEHLBERGER, COMMISSIONERS.

APPEAL FROM THE SUPREME COURT OF THE STATE OF ARKANSAS

FILED DECEMBER 22, 1937.

BLANK

PAGE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1937

No. 645

ARKANSAS LOUISIANA GAS COMPANY,
APPELLANT,

vs.

DEPARTMENT OF PUBLIC UTILITIES, THOMAS FITZHUGH, W. H. BLALOCK AND MAX H. MEHLBERGER, COMMISSIONERS

APPEAL FROM THE SUPREME COURT OF THE STATE OF ARKANSAS

INDEX.

	Original	Print
Proceedings in Supreme Court of Arkansas	1	1
Stipulation as to record on appeal	1	1
Record from Circuit Court of Pulaski County	4	4
Petition for review	4	4
Notice of petition for review	11	9
Response to petition for review	13	10
Stipulation as to certain facts	19	15
Judgment	20	16
Motion for new trial	21	17
Order overruling motion for new trial	24	19
Order approving bill of exceptions	25	20
Bill of exceptions	26	20
Caption	26	20
Proceedings before Department of Public Utilities, State of Arkansas	27	21
Caption	27	21
Citation	29	21
Response to citation	30	22
Agreement setting date for hearing	33	24

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., FEBRUARY 7, 1938.

—3865

	Original	Print
Record from Circuit Court of Pulaski County—Continued.		
Bill of exceptions—Continued.		
Proceedings before Department of Public Utilities, State of Arkansas—Continued.		
Testimony of J. E. Flanders	34	25
J. C. Hamilton	79	65
F. S. Kelly	145	124
Exhibit No. 1—Copy of General Order No. 13, issued by the Department of Public Utilities, April 13, 1935	149	128
Exhibit No. 4—Statement of Arkansas Louisiana Gas Company, transmission and distribution data	156	135
Map of pipeline system	157½	136
Exhibit No. 5—Statement of weekly charts showing pressures for month of September	158	137
Stipulation of facts	159	137
Exhibits "D" & "E"—Contracts under which A. L. G. Co. furnishes natural gas to Camden Gas Co. and Consumers Gas Co.	163	141
Exhibits "F" to "R", inc.—Summaries of contracts under which A. L. G. Co. furnishes natural gas to the particular industry named in each exhibit:		
"F"—Arkansas Portland Cement Co.	189	163
"G"—Southern International Paper Co.	191	165
"H"—Houston Oil Co. of Texas	199	172
"I"—Root Refining Co.	200	173
"J"—Magnolia Petroleum Co.	201	174
"K"—Titanium Corp. of America	202	175
"L"—Berry Asphalt Co.	203	176
"M"—Republic Mining & Mfg. Co.	204	177
"N"—Norton Co.	206	178
"O"—Arkansas Bauxite Corp.	207	179
"P"—Lion Oil Refining Co.	208	181
"Q"—J. C. Buckbee, trustee	210	182
"R"—Standard Oil Co. of Louisiana	211	183
Exhibit "S"—Terms and conditions included in all of contracts—"F" to "R", inc.	212	184
Exhibit "T"—Statement showing high and low pressure for month of September, 1935, at each of compressor stations	214	185
Finding and order of department	215	186
Application for rehearing	236	204
Order denying application for rehearing	244	211
Certificate of secretary (omitted in printing)	245	
Petitioner's request for findings of fact before the Pulaski Circuit Court	246	212
Respondents' exceptions to findings by the court	249	215
Petitioner's request for declarations of law	253	219
Order approving bill of exceptions	256	222
Certificate of stenographer to transcript (omitted in printing)	256	

	Original	Print
Record from Circuit Court of Pulaski County—Continued.		
Clerk's certificate.....(omitted in printing)..	257	
Judgment	258	222
Opinion, Smith, J.....	260	223
Petition for rehearing.....	275	238
Order of submission of petition for rehearing.....	279	241
Order overruling petition for rehearing.....	280	242
Order substituting Thomas Fitzhugh, et al., as parties.....	281	242
Petition for appeal, assignment of errors and prayer for reversal	282	243
Order allowing appeal	287	248
Bond on appeal.....(omitted in printing)..	288	
Citation and acceptance of service...(omitted in printing)..	289	
Certificate of lodgment	291	249
Return to allowance of appeal.....	292	249
Clerk's certificate.....(omitted in printing)..	293	
Statement of points to be relied upon and designation as to printing record	294	250

BLANK

PAGE

[fol. 1]

IN SUPREME COURT OF THE UNITED STATES

ARKANSAS LOUISIANA GAS COMPANY, Appellant,

vs.

DEPARTMENT OF PUBLIC UTILITIES and THOMAS FITZHUGH, H. W. BLALOCK and MAX H. MEHLBERGER, Commissioners, Appellees

STIPULATION AS TO RECORD ON APPEAL TO THE SUPREME COURT OF THE UNITED STATES

It is stipulated and agreed by and between appellant and appellees that in preparing the record on appeal of this cause to the Supreme Court of the United States from the final decree and decision of the Supreme Court of Arkansas, the Clerk of the Supreme Court of Arkansas shall include in such record the following:

1. Original of this stipulation.
2. A copy of the petition for review filed in Pulaski Circuit Court, omitting the exhibits thereto.
3. A copy of the record entry of Pulaski Circuit Court showing filing of the response of the Department of Public Utilities and of the transcript of the proceedings before said Department.
4. A copy of the response filed in Pulaski Circuit Court by Department of Public Utilities to petition for review.
5. A copy of the stipulation of counsel filed in the Pulaski Circuit Court, and appearing in the transcript at page 79.
6. A copy of the final judgment and order of the Pulaski Circuit Court.
7. A copy of the motion for new trial filed in the Pulaski Circuit Court. Omit therefrom assignments of error numbered 4 to 45, inclusive, and assignments of error numbered 80 to 90, inclusive.
8. A copy of the order of Pulaski Circuit Court overruling motion for new trial and granting an appeal.
9. A copy of the order of Pulaski Circuit Court approving bill of exceptions.
10. A copy of the caption to the bill of exceptions.

11. A copy of the caption for the transcript of proceedings before Department of Public Utilities.

12. Index to transcript of proceedings before Department of Public Utilities.

13. A copy of the citation issued by order of Department of Public Utilities under date of November 4, 1935, and served upon Arkansas Louisiana Gas Company.

14. A copy of the response to said citation filed with Department of Public Utilities by Arkansas Louisiana Gas Company.

[fol. 2] 15. A copy of the order fixing date of hearing before Department of Public Utilities.

16. A copy of the oral testimony of J. S. Flanders, J. C. Hamilton and F. S. Kelly.

17. A copy of Exhibit No. 1 introduced at said hearing.

18. A copy of sheets 1 and 2 of Exhibit No. 4 introduced at said hearing.

19. A copy of a map constituting sheet 14 of said Exhibit No. 4.

20. A copy of Exhibit No. 5 introduced at the hearing before the Department of Public Utilities.

21. A copy of the stipulation appearing at page 283 of the transcript between counsel for Arkansas Louisiana Gas Company and counsel for the Department of Public Utilities.

22. A copy of Exhibits D to R, inclusive, to the last mentioned stipulation.

23. A copy of Exhibits S to T, inclusive, to the last mentioned stipulation.

24. A copy of the finding and order of the Department of Public Utilities.

25. A copy of the application for rehearing filed before the Department of Public Utilities.

26. A copy of the order of the Department of Public Utilities overruling said application for rehearing.

27. A copy of the certificate of the Department to the transcript filed by it in Pulaski Circuit Court.

28. A copy of petitioner's request to the Pulaski Circuit Court for findings of fact.

29. A copy of respondents' exceptions to the action of Pulaski Circuit Court in granting petitioner's request for findings of fact.

30. A copy of petitioner's request to Pulaski Circuit Court for declarations of law.

31. A copy of the order of Pulaski Circuit Court approving bill of exceptions and ordering same to be filed.

32. A copy of the certificate of official Court Stenographer of Pulaski Circuit Court.

33. A copy of the certificate of the Clerk of Pulaski Circuit Court, certifying to the transcript.

34. A copy of the opinion and decree of the Supreme Court of Arkansas.

35. A copy of the petition for rehearing filed by appellant in the Supreme Court of Arkansas.

36. A copy of the order of the Supreme Court of Arkansas taking said petition for rehearing under submission.

[fol. 3] 37. A copy of the order of the Supreme Court of Arkansas denying said petition for rehearing.

38. A copy of the order of the Supreme Court of Arkansas providing that this cause shall proceed and be maintained against Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger, as successors in office to P. A. Lasley, T. G. Seal and Joe Bond, and that the names of the said Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger be substituted in all proceedings henceforth had in this cause.

39. The original petition for appeal to the Supreme Court of the United States, assignment of errors and prayer for reversal.

40. The original order allowing the appeal.

41. A copy of the cost bond and its approval.

42. The original citation with acceptance of service and appellees' entry of appearance in the Supreme Court of the United States thereon.

43. Certificate of the Clerk showing the filing of the bond and the lodgment of the copies of the petition for appeal, assignment of errors, prayer for reversal and order allowing appeal in his office.

44. The return of the Clerk to the order allowing appeal and statement of costs.

45. Original statement as to jurisdiction.

46. Original acknowledgment of service of copies of the petition for appeal, order allowing appeal, assignment of errors, statement as to jurisdiction, and notice directing attention to the provisions of Rule 12, paragraph 3, of the Supreme Court of the United States.

The record as made up in accordance with this stipulation may then be certified to the Supreme Court of the United

States by Hon. W. P. Sadler, Clerk of the Supreme Court of Arkansas, in accordance with the rules of the Supreme Court of the United States and the laws of the United States upon such appeals.

H. C. Walker, Jr., J. Merrick Moore, Attorneys for Appellant. Thomas Fitzhugh, Attorney for Appellees.

[fol. 4] IN CIRCUIT COURT OF PULASKI COUNTY

ARKANSAS-LOUISIANA GAS COMPANY, Petitioner,

vs.

DEPARTMENT OF PUBLIC UTILITIES and P. A. LASLEY, T. G. SEAL and Joe Bond, as Commissioners composing the Department of Public Utilities, Respondents

PETITION FOR REVIEW—Filed June 17, 1936

Petitioner is a corporation organized under the laws of the State of Delaware and is and was engaged, on the dates hereinafter mentioned, in the purchase and production of natural gas in the States of Texas and Louisiana, and the transportation and delivery of said gas through a pipe line system from the State of Louisiana into the State of Arkansas in the manner hereinafter set forth.

Petitioner is the owner of a pipe line system consisting of large pipe lines and compressor stations, which system extends from the States of Texas and Louisiana into Arkansas. In the States of Texas and Louisiana petitioner produces and purchases large quantities of natural gas, which is taken into its pipe line system in Texas and Louisiana. The gas so taken into the pipe line system is transported into Arkansas to fulfill contracts previously entered into at Shreveport, Louisiana, where the general offices of petitioner are located, with selected industries and selected local public utility distributing corporations which are located in Arkansas. The gas is by means of compressors forced from the fields outside of Arkansas into Arkansas in a continuous stream until discharged through meters into the possession of the said industrial buyers and into the meters of the said local public utility corporations at the town border. The gas is not worked over in any manner by petitioner prior to the delivery to said industrial cus-

tomers and local public utility corporations except for such reduction in pressure as is necessary to its passage through [fol. 5] the aforesaid meters. Upon receipt of the gas the said customers take it in charge and by means of their own installations and distributing pipes conduct it wherever they desire to use it. The sales of gas by petitioner to such selected industries and local public utilities is in wholesale quantities and at wholesale prices and is in all cases under and in pursuance of special contracts previously agreed upon and entered into with said industries and public utilities in the City of Shreveport, Louisiana, which said contracts vary in duration, terms and conditions and in which is set forth the price agreed upon. The industries to which such sales are made are only the largest industries and in each case are selected by petitioner upon various considerations, such as financial responsibility, location, quantity of gas needed, and profits to petitioner upon the gas so sold. Petitioner does not and has never held itself out to serve all industries or local public utility corporations and sells only to such as it may select. Payments for gas are made by such customers in the City of Shreveport, Louisiana.

The said industries and local public utility corporations are located along the main transmission pipe line of petitioner and are known as Pipe Line Customers, and gas is delivered to them through taps on the main transmission pipe line or taps on spurs constructed therefrom especially for the service of the industry or public utility corporation.

The transportation and dispatching of gas from the State of Louisiana into the State of Arkansas is governed by the requirements of petitioner's customers in Arkansas. The movement of the gas is controlled by petitioner's dispatchers who are located in Louisiana and who are familiar with the contract requirements of Arkansas purchasers, which said requirements are anticipated by petitioner in advance. Petitioner from time to time takes into its pipe line system leading into Arkansas sufficient gas for its purposes and compresses it so as to maintain a constant flow. The gas thus taken into the line is constantly in motion and in transit until delivered to petitioner's customers and does not come to rest and remain in storage in Arkansas. [fol. 6] Petitioner is the successor of and acquired its said pipe line system from Arkansas-Louisiana Pipe Line Company, a corporation of the State of Delaware, which owned

and operated said system until November 30, 1934, and which sold and delivered gas to the aforesaid pipe line customers in the same manner and upon the same contracts and terms as hereinabove described. Arkansas-Louisiana Pipe Line Company sold and distributed gas only to pipe line customers and sold and distributed no gas locally within the State of Arkansas. Petitioner on the other hand maintains a distribution department through which it does sell and distribute gas locally in and adjacent to many towns in Arkansas, but its said distribution department is separate and distinct from and manned by different employees from its pipe line department, through which latter department only petitioner sells and delivers gas to its pipe line customers. The volume of gas sold and delivered by petitioner to its pipe line customers each year exceeds eight billion cubic feet, and for said sales petitioner receives each year an amount of money far exceeding the sum of three thousand dollars.

Under the provisions of Act 324 of the General Assembly of Arkansas for the year 1935, approved April 2, 1935, there was created a department of the Arkansas Corporation Commission known as Department of Public Utilities, which is made respondent herein, and under the provisions of Section 2 of that Act P. A. Lasley, T. G. Seal and Joe Bond were appointed as the Commissioners composing the Department. On April 13, 1935, in accordance with the provisions of said Act, the Department promulgated its General Order No. 13, under the provisions of which it defined the term "Public Utilities", and required every public utility within the State of Arkansas to file not later than June 1, 1935, with the Department, in the form set forth in said Order, schedules of all rates, rentals and charges of whatever nature made by such public utility for each and every kind of service rendered by it and which were in force April 3, 1935; to keep all of its said schedules filed with the Department and in its main office and in each division office; and to keep copies thereof at each of its branch offices where [fol. 7] contracts for service are made or payment for customers service required. The order further provided that all such schedules should be at all times during business hours readily accessible to the public and should be immediately produced for inspection upon the demand of any person. A copy of said General Order No. 13 is hereto attached as "Exhibit A".

Petitioner, in accordance with said Order, thereafter duly filed and published as required copies of the schedules of all rates, rentals and charges made and charged by it for each and every local utility service in which it was and is engaged in the State of Arkansas, and has kept such schedules filed; but petitioner was advised that Order No. 13 does not and cannot legally apply to its business of selling and delivering gas purchased and produced in the States of Texas and Louisiana and transported into Arkansas to its pipe line customers as hereinabove described and set forth, and accordingly petitioner did not file and has not filed copies of the contracts, agreements and charges upon which it sells and delivers gas to its said pipe line and industrial customers.

On November 5, 1935, petitioner was served with a citation issued by order of the Department of Public Utilities under date of November 4, 1935, requiring it to appear at the office of the Department on November 18, 1935 for the purpose of showing cause why it had not under General Order No. 13 filed its rates for natural gas sold and delivered to industrial consumers directly from its pipe line, and to show cause why it should not be proceeded against for the purpose of collecting penalties as provided in Act 324 of the Acts of the General Assembly of 1935 for the alleged disobedience of said Order.

Thereafter, petitioner filed with the Department of Public Utilities its response to the citation in which it set forth that the sale and delivery of gas from its Texas and Louisiana fields to its pipe line and industrial customers in Arkansas constitute interstate commerce, and that in making such sales and deliveries it was and is not acting as a public utility, and that accordingly the sale and delivery of said gas and the rates, schedules and charges upon which the same is delivered and sold were and are not subject to the jurisdiction of the Department and are beyond its power to regulate, and that Order No. 13 is not legally ap- [fol. 8] plicable to said business. A copy of said response is hereby attached as "Exhibit B".

Thereupon, a hearing upon the citation and the response thereto was had before the Department of Public Utilities, at which oral testimony together with many exhibits thereto and documentary evidence was introduced and a record made up.

At the conclusion of the hearing the matter was taken under advisement by the Department and subsequently, at its session held in the office of the Department on April 30, 1936, a finding of facts and order were made and entered by the Department, under the terms of which it was found that the said transportation, sale and delivery of gas by petitioner to its pipe line and industrial customers constituted local and intrastate commerce, subject to the Department's power of regulation, and ordered that petitioner file with the Department within thirty days from and after the last mentioned date schedules in the form and of the date required by General Order No. 13, covering all gas sold and delivered by petitioner to its pipe line or industrial customers in Arkansas. A copy of said Finding of Facts and Order is hereto attached as "Exhibit C".

Petitioner states that the sale, transportation and delivery of natural gas from the States of Texas and Louisiana to its pipe line and industrial customers in the State of Arkansas constitutes interstate commerce, and that in the conduct of such business it is not subject to regulation by the State of Arkansas or by the said Department of Public Utilities, which has no jurisdiction whatever over said business.

Petitioner further states that in the sale, transportation and delivery of natural gas to its pipe line and industrial customers in the State of Arkansas it is engaged exclusively and entirely in a private business; that in the carrying on of such business it does not hold itself out as and is not acting as a public utility; and for that reason is not subject to the jurisdiction of or control or regulation by the State of Arkansas or the Department of Public Utilities.

[fol. 9] Petitioner accordingly represents that the Finding and Order of the Department of Public Utilities are in all things erroneous and that the Order is unlawful and void; first, because it is in violation of and contrary to Section 8 of Article I of the Constitution of the United States, and second, because in holding petitioner to be a public utility in the sale, transportation and delivery of gas to its pipe line and industrial customers, and seeking to regulate it as such, the order deprives petitioner of its property without due process of law and denies it the equal protection of the laws, in violation of Section 1 of the Fourteenth Amendment to the Constitution of the United States.

Within twenty days after the making and entry by the Department of its said Finding of Facts and Order, petitioner filed with the Department as required by law its application for rehearing, setting forth the grounds upon which petitioner contends the Finding of Facts and Order to be erroneous and unlawful. The application was taken under consideration by the Department and was, on May 29, 1936, refused and denied.

Petitioner accordingly prays that the proceedings against it beginning with and based upon the citation issued by the Department under date of November 4, 1935, be reviewed and its lawfulness inquired into by this Court, and that upon such review the said Order of the Department made and entered April 30, 1936, be in all things vacated and set aside; and petitioner prays for any and all other relief consistent with the premises herein.

H. C. Walker, Jr., Moore, Gray, Burrow & Chowning,
Attorneys for Petitioner.

[File endorsement omitted.]

[fol. 10] Attached to the foregoing petition for review as exhibits were a copy of General Order No. 13 of the Department of Public Utilities, and a copy of the Finding and Order made by said Department on April 30, 1936. Copies of these exhibits have been here omitted for the reason that both appear later in this record at page —.

[fols. 11-12] In Circuit Court of Pulaski County

[Title omitted]

Notice of Petition for Review

To Department of Public Utilities and P. A. Lasley, T. G. Seal and Joe Bond, as Commissioners composing the Department of Public Utilities:

You are hereby notified that a petition has this day been filed in the Pulaski Circuit Court in the above entitled cause seeking a review of the Order of the Department of Public Utilities made and entered by said Department under date of April 30, 1936, in a proceeding entitled "Re: Citation of

Arkansas Louisiana Gas Company in the matter of Regulation Prescribing the Form, Governing the Filing and Publishing of Schedules of Rates for Public Utilities:—No. 13-A." A copy of said petition is hereto attached. You will, within thirty days from this date, answer or plead to said petition and in accordance with Section 34 (b) of Act 324 of the Acts of Arkansas of 1935 certify to the Pulaski Circuit Court a complete transcript of the record of said proceeding made before the Department of Public Utilities, which said transcript shall include a copy of all pleadings, proceedings, testimony, exhibits, orders, findings and opinions in the case.

Witness my hand and the seal of the Pulaski Circuit Court this 17th day of June, 1936.

J. R. Gladden, Clerk, Pulaski Circuit Court, by O. L. McNair, D. C. (Seal of the Court.)

(Copy of notice, which, together with copy of petition, was mailed to Department of Public Utilities, June 17, 1936.)

J. R. Gladden, Clerk, by O. L. McNair, D. C.

[fol. 13] In Circuit Court of Pulaski County

[Title omitted]

Response to Petition for Review—Filed July 17, 1936

Come the respondents and for their response to the petition to review filed herein, state:

Admit that the petitioner is a corporation organized under the laws of the State of Delaware and was on the dates mentioned in said petition engaged in the purchase and production in the States of Texas and Louisiana, and in the transportation of natural gas through pipe lines from the State of Louisiana into the State of Arkansas, and denies that the manner of purchasing, producing, transporting and delivering said gas was as is set forth in said petition;

Admits that the petitioner is the owner of a pipe line system consisting of large pipe lines and compressor stations extending from the State of Louisiana into Arkansas, and denies that such system extends from the State of Texas

into Arkansas; admits that the petitioner produces and purchases large quantities of natural gas in the State of Louisiana; admits that said gas is taken into its pipe line system in Louisiana; denies that it purchases or produces any gas in Texas; denies that any gas produced or purchased in Texas is taken into petitioner's pipe line system; admits that a part of the gas taken into petitioner's pipe line system is transported into Arkansas, but denies that it is transported into Arkansas to fulfill contracts previously entered into at Shreveport, Louisiana, or at any other place; admits that the general offices of petitioner are located at Shreveport, Louisiana; denies that the gas is delivered to selected industries and/or selected local public utility distributing corporations; admits that the gas is by means of compressors forced from fields outside of Arkansas into Arkansas, but denies that the gas is in a continuous stream [fol. 14] until it is discharged through meters in the possession of industrial buyers and/or meters of local public utility corporations at town borders; denies that the meters into which said gas is discharged are the property of, or in the possession of, said industrial buyers and/or local public utility corporations; admits that the gas is not worked over in any manner by petitioner prior to delivery except such as is necessary to reduce the pressure; admits that upon delivery of the gas by petitioner the customers take it in charge and that the gas is consumed through appliances of the customers; denies that the sale of gas by petitioner to each industry is in wholesale quantities; denies that any such a sale is a wholesale sale and denies that the price for said gas is a wholesale price, and denies that in all or any cases the sale is under or pursuant to special contracts previously, or otherwise, agreed upon with said industries and public utility corporations in Shreveport, or any other place; denies that sales and delivery of gas are made by petitioner only to the larger industries; denies that in each case such industries are selected upon various or any considerations, financial, location, quantity, profit, or otherwise; denies that the petitioner has not held itself out to serve all industries or local distribution corporations; denies that it sells only to such as it may select; denies that payment for gas by any of its such customers is made in the City of Shreveport, Louisiana;

Denies that said industries and local public utility corporations supplied with gas by the petitioner are located

along the main transmission pipe line of petitioner and denies that said industries or utility corporations are pipe line customers; denies that gas in every instance is delivered to said customers through taps on the main transmission pipe line, but alleges that many taps and spurs are constructed from said pipe line especially to serve the industries and/or public utility corporations many miles removed from said pipe line.

Admits that the transportation and dispatching of gas from Louisiana into the State of Arkansas is governed by the requirements of petitioner's customers in Arkansas; denies that the movement of gas is controlled by petitioner's dispatchers in response to contract requirements of Arkan- [fol. 15] sas purchasers; admits that gas taken into the pipe line system is compressed; denies that the gas thus taken into the line is constantly in motion and transit until delivered to petitioner's customers and denies that the gas does not come to rest and remain in storage in Arkansas.

Admits that the petitioner is the successor of, and acquired its pipe line system from, the Arkansas Louisiana Pipe Line Company; admits that the Arkansas Louisiana Pipe Line Company sold and delivered gas to the pipe line customers in the same manner as the petitioner does; denies that the Arkansas Louisiana Pipe Line Company did not sell and distribute gas locally within the State of Arkansas; admits that the petitioner maintains a distribution department through which it sells and distributes gas in many towns in Arkansas; denies that said distribution department is separate and distinct, or manned by different employees, from the pipe line department. Respondents allege that many employees of petitioner supervise, control, manage and direct both the distribution and pipe line operations; admits that the volume of gas sold and delivered by petitioner to its pipe line customers each year exceeds 8,000,000,000 cubic feet and that it receives each year for said gas a sum of money far in excess of $3,000.00.

Admits that the Department of Public Utilities was created under Act 324 of the Acts of the General Assembly of Arkansas for 1935 and that the respondents, P. A. Lasley, T. G. Seal and Joe Bond are the duly appointed, qualified, and acting commissioners composing the said Department; admits that on April 13, 1935 the Department promulgated its General Order Number 13, under the provisions of which is defined the term "public utility", and required every such

utility to file with the Department before the date alleged in said petition, and in the form set forth in said order, schedules of rates for each and every kind of service rendered by the utility which rates were in force on April 3, 1935; denies that the petitioner, in accordance with said order, or otherwise, filed schedules of all rates for every local utility service in which petitioner was, or is, engaged in the State of Arkansas, and denies that the petitioner has complied with [fol. 16] said General Order Number 13; admits that petitioner was advised that General Order Number 13 cannot apply to its business of selling and delivering gas produced and purchased in Texas and/or Louisiana and transported into Arkansas to its pipe line customers; admits that petitioner did not file, and has not filed, copies of contracts, agreements or schedules of rates upon which it sells and delivers gas to its pipe line and industrial customers;

Admits that on November 4, 1935 the respondents issued and served a citation upon petitioner requiring it to appear and show cause why it had not complied with General Order Number 13 and filed rates for natural gas sold and delivered to industrial customers, and to show cause why it should not be proceeded against for the penalties as provided in said Act 324 in disobedience of said General Order Number 13; admits that thereafter petitioner filed a response to said citation in which it was alleged that the gas sold and delivered to industrial customers by it was interstate commerce; admits that it further alleged that in making such sales to said customers it was not acting as a public utility and that such sales were not subject to the jurisdiction of the Department and was beyond its power to regulate and that said General Order Number 13 was not legally applicable to petitioner's said business; admits that a hearing upon said citation and response thereto was had, at which, oral testimony together with many exhibits and much documentary evidence was introduced, and a record made; admits that at the conclusion of the hearing the matter was taken under advisement by the Department which subsequently made and entered a finding of fact and an order which found that the transportation, sale and delivery of gas by the petitioner to its pipe line and industrial customers constituted local intrastate commerce and was subject to the Department's power of regulation; admits that the Department ordered petitioner to file with its schedules in the form and of a date required by General Order Number 13

covering all gas sold by petitioner to its pipe line or industrial customers;

Denies that the sale, transportation or delivery of natural gas from the States of Texas and/or Louisiana to peti- [fol. 17] tioner's pipe line and/or industrial customers in the State of Arkansas constitutes interstate commerce; denies that in the conduct of such business petitioner is not subject to regulation by the State of Arkansas or the said Department of Public Utilities, and denies that the Department of Public Utilities has no jurisdiction whatever over the said, or any, business of the petitioner in the State of Arkansas; denies that petitioner in the sale, transportation and delivery of natural gas to its pipe line and/or industrial customers in the State of Arkansas is engaged exclusively or entirely in a private business; denies that in the carrying on of the business the sale, transportation and delivery of natural gas to its pipe line and/or industrial customers petitioner does not hold itself out, and is not acting, as a public utility; denies that for the reasons set forth in said petition, or for any other reason, the petitioner is not subject to the jurisdiction of, or control or regulation by, the State of Arkansas or the Department of Public Utilities;

Denies that the finding and order of the Department of Public Utilities is in all things, or is in any particular, erroneous, and denies that the order is unlawful and void for the reasons set forth in said petition or for any other reason, and denies that said order is in violation of, or contrary to, Section 8, Article 1 of the Constitution of the United States; denies that the said order is unlawful and void in holding petitioner to be a public utility in the sale, transportation and delivery of gas to its pipe line and/or industrial customers; denies that said order is unlawful and void because of its attempt to regulate the business of petitioner in the sale and delivery of gas to its pipe line and/or industrial customers; denies that the order deprives the petitioner of its property without due process of law, and denies that said order denies the petitioner the equal protection of the law; denies that said order violates Section 1 of the 14th Amendment to the Constitution of the United States:

Admits that twenty days after making an entry of findings of fact and order of the Department petitioner filed with the Department an application for a rehearing, setting forth the grounds upon which the petitioner contended the [fol. 18] finding of facts and order to be erroneous and un-

lawful and admits that the application for a rehearing was denied by the Department in the manner and as of the date alleged by petitioner.

Wherefore, respondents having fully answered petitioner, pray that the prayer of the petition be denied and that the petition be dismissed, and for any and all other relief consistent with the facts in this case.

P. A. Lasley, Attorney for Respondents.

[File endorsement omitted.]

[fol. 19] In Circuit Court of Pulaski County

[Title omitted]

Stipulation as to Certain Facts—Filed November 6, 1936

It is agreed and stipulated that during the hearing before the Department of Public Utilities and prior to the order of said Department of April 30, 1936, Arkansas Louisiana Gas Company by agreement with the Department filed with the Department schedules complying with its General Order No. 13, showing charges for all gas produced in the Clarksville Field in Arkansas and sold and delivered to Empire Southern Gas Company and Arkansas Western Gas Company; and that while a part of the Gas formerly sold by Arkansas Louisiana Gas Company to Little Rock Gas & Fuel Company for local distribution by the latter company in the City of Little Rock is produced in the Clarksville field, all of the properties and franchises of Little Rock Gas & Fuel Company have since the said hearing and order been purchased by the Arkansas Louisiana Gas Company, which now exercises said franchises and operates the property and distributes gas locally in the City of Little Rock.

It is, therefore, stipulated that the sale of gas produced in the Clarksville, Arkansas field, and the right of the Department to regulate the sale thereof, is not an issue in this case, and in this connection it is stipulated that all of the natural gas sold and delivered by Arkansas Louisiana Gas Company to the forty industrial customers, sale of gas to whom is involved herein, and to the local distributing corporations at the Cities of Camden and Hot Springs, Arkansas, is and always has been produced in Louisiana and

transported therefrom by Arkansas Louisiana Gas Company and its predecessors into Arkansas.

It is further agreed that this stipulation shall be filed herein and treated by the Court as a part of the record transmitted to this Court by the Department of Public Utilities.

Moore, Gray, Burrow & Chowning, Attorneys for Petitioner.

[File endorsement omitted.]

[fol. 20] IN CIRCUIT COURT OF PULASKI COUNTY

27922

ARKANSAS LOUISIANA GAS COMPANY, Petitioner,

vs.

DEPARTMENT OF PUBLIC UTILITIES and P. A. LASLEY, T. G. SEAL and Joe Bond, as Commissioners Composing the Department of Public Utilities, Respondents

JUDGMENT—November 7, 1936

On this day this cause coming on to be heard, petitioner appearing by its attorneys and respondents appearing by their attorney, the cause is submitted to the Court upon the petition for review herein filed by petitioner, the response thereto herein filed by respondents, upon the transcript of the record in this case made before the Department of Public Utilities and certified by said Department to this Court, upon the stipulation signed by the parties and herein filed, and upon argument of counsel;

And the Court being well and sufficiently advised in the premises, it is hereby considered, ordered, adjudged and decreed that the order made and entered on April 30, 1936, by the Department of Public Utilities, requiring the petitioner to file with the Department within thirty days after said date schedules covering all gas sold and delivered to its pipe line or industrial customers in Arkansas, be and the same is hereby vacated and set aside; and that the petitioner have judgment against the respondents for all of its costs laid out and expended herein.

Respondents hereby except to the order and ruling of the Court and ask that their exceptions be noted of record,

which is hereby accordingly done, and further pray for twenty days from the date of this order within which to file their motion for a new trial, which said time is hereby accordingly granted.

[fol. 21] IN CIRCUIT COURT OF PULASKI COUNTY

[Title omitted]

MOTION FOR A NEW TRIAL—Filed November 23, 1936

Comes the respondents, and each of them, and for their motion for a new trial herein, state:

(1) That the finding and judgment of the court herein is contrary to the facts.

(2) That the finding and judgment of the court herein is contrary to the law.

(3) That the judgment and finding of the court herein is contrary to both the facts and the law.

(Assignments numbered 4 to 45 inclusive omitted in accordance with stipulation of counsel.)

(46) The court erred in finding the facts to be as set forth in petitioner's request No. 1.

(47) The court erred in finding the facts to be as set forth in petitioner's request No. 2.

(48) The court erred in finding the facts to be as set forth in the first sentence of petitioner's request No. 2.

(49) The court erred in finding the facts to be as set forth in the second sentence of petitioner's request No. 2.

(50) The court erred in finding the facts to be as set forth in petitioner's request No. 3.

(51) The court erred in finding the facts to be as set forth in the first sentence of petitioner's request No. 3.

(52) The court erred in finding the facts to be as set [fol. 22] forth in the second sentence of petitioner's request No. 3.

(53) The court erred in finding the facts to be as set forth in petitioner's request No. 4.

(54) The court erred in finding the facts to be as set forth in the first sentence of petitioner's request No. 4.

(55) The court erred in finding the facts to be as set forth in the second sentence of petitioner's request No. 4.

(56) The court erred in finding the facts to be as set forth in petitioner's request No. 5.

(57) The court erred in finding the facts to be as set forth in the first sentence of paragraph one of petitioner's request No. 5.

(58) The court erred in finding the facts to be as set forth in the second sentence of paragraph one of petitioner's request No. 5.

(59) The court erred in finding the facts to be as set forth in paragraph two of petitioner's request No. 5.

(No assignment numbered 60.)

(61) The court erred in finding the facts to be as set forth in petitioner's request No. 6.

(62) The court erred in finding the facts to be as set forth in petitioner's request No. 7.

(63) The court erred in finding the facts to be as set forth in the first sentence of petitioner's request No. 7.

(64) The court erred in finding the facts to be as set forth in the second sentence of petitioner's request No. 7.

(65) The court erred in finding the facts to be as set forth in the third sentence of petitioner's request No. 7.

(66) The court erred in finding the facts to be as set forth in the fourth sentence of petitioner's request No. 7.

(67) The court erred in finding the facts to be as set forth in petitioner's request No. 8.

[fol. 23] (68) The court erred in finding the facts to be as set forth in the first sentence of petitioner's request No. 8.

(69) The court erred in finding the facts to be as set forth in the second sentence of petitioner's request No. 8.

(70) The court erred in finding the facts to be as set forth in the third sentence of petitioner's request No. 8.

(71) The court erred in finding the facts to be as set forth in petitioner's request No. 9.

(72) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 1.

(73) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 2.

(74) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 3.

(75) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 4.

(76) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 5.

(77) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 6.

(78) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 7.

(79) The court erred in declaring the law to be as set forth in petitioner's requested declaration of law No. 8.

(Assignments numbered 80 to 90 inclusive omitted in accordance with stipulation of counsel.)

Wherefore, respondents, and each of them, pray that the judgment of the court herein be set aside and that they, and each of them, be granted a new trial, and for all other general and proper relief.

P. A. Lasley, Attorney for Respondents.

[File endorsement omitted.]

[fol. 24] In Circuit Court of Pulaski County

[Title omitted]

Order Overruling Motion for New Trial—November 23, 1936

On this the 23 day of November, 1936, came on for hearing before the court the motion of the respondents for a

new trial, said motion having been filed within the time allowed by the order of this court.

Upon consideration of said motion, and the court being well and sufficiently advised, doth overrule the same. To the action of the court in overruling their motion for a new trial the respondents, and each of them, excepted and asked that their exceptions be noted of record, and prayed and were granted an appeal to the Supreme Court of Arkansas, and are hereby allowed a period of thirty days in which to prepare and file their bill of exceptions.

[fol. 25] In Circuit Court of Pulaski County

[Title omitted]

Order Approving Bill of Exceptions—December 16, 1936

On this day come respondents by their attorney, P. A. Lasley, Esq., and present to the court their bill of exceptions herein; and said bill of exceptions, after being examined and being found to be in all things correct, is approved in open court, is signed by the Judge, and same is ordered filed as a part of the record in this cause, which is hereby accordingly done.

[fol. 26] In Circuit Court of Pulaski County, Second Division

Arkansas-Louisiana Gas Company, Petitioner,

vs.

Department of Public Utilities and P. A. Lasley, T. G. Seal and Joe Bond as Commissioners composing the Department of Public Utilities, Respondents

Bill of Exceptions—Filed December 16, 1936

Be it Remembered, that on, heretofore, to-wit, the — day of ——, 1936, same being one of the regular days of the regular September, 1936, term of said court the above styled cause was submitted to the court, without a jury, and the following proceedings were had and done therein as follows, to-wit:

Appearances:

J. Merrick Moore, Esq., For Petitioner,
P. A. Lasley, Esq., For Respondents.

[fols. 27-28] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

Docket 13-A

In re Citation of the Department of Public Utilities of the State of Arkansas to Arkansas-Louisiana Gas Company to Show Cause Why Rates Were Not Filed under General Order No. 13

CAPTION

Transcript of proceedings before the Department of Public Utilities of the State of Arkansas, in the above captioned matter.

[fol. 29] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

Present: P. A. Lasley, Chairman, Joe Bond, Commissioner.

No. 13-A

In the Matter of Regulations Prescribing the Form Governing the Filing and Publication of Schedules of Rates of Public Utilities.

CITATION—Filed November 9, 1935

To Arkansas-Louisiana Gas Company, Shreveport, Louisiana:

You are hereby cited to appear in the offices of the Department of Public Utilities, State Capitol, Little Rock, Arkansas at 10:00 o'clock A. M., November 18, 1935, for the purpose of showing cause why you have not complied with General Order No. 13 of this Department issued under date of April 13, 1935 with respect to the filing of your rates for natural gas sold and delivered to industrial consumers directly from your pipe line; and further to show cause, if any, why you should not be proceeded against for the purpose of collecting penalties as provided in paragraph (b) of Section 61, of Act 324 of the Acts of the General Assembly of 1935.

By order of the Department. Dated at Little Rock, Arkansas this 4th day of November, 1935.

Bernice C. Gentry, Secretary.

Received a copy of the above citation this 6 day of November, 1935.

Arkansas Louisiana Gas Company, by J. C. Hamilton, Asst. Secy.

[File endorsement omitted.]

[fol. 30] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

[Title omitted]

RESPONSE OF ARKANSAS LOUISIANA GAS COMPANY TO CITATION OF NOVEMBER 4, 1935—Filed Nov. 18, 1935

In response to the Citation of November 4, 1935 to Arkansas Louisiana Gas Company that it show cause why it has not complied with General Order No. 13 of the Department of April 13, 1935 with respect to the filing of its rates for natural gas sold and delivered to industrial consumers directly from its pipeline, and why it should not be proceeded against for the purpose of collecting penalties in paragraph (b) of Sec. 61 of Act 324 of 1935, Arkansas Louisiana Gas Company, hereinafter referred to as Respondent, states:

I

No complaint or petition has been filed as prescribed in Department Rule II, but Respondent understands that the Citation issued by the Department was upon its own motion to initiate hearings to determine whether or not the transportation of gas from without the State of Arkansas and delivery in Arkansas to industrial buyers directly from Respondent's pipeline transmission system is intrastate utility business in Arkansas and whether or not as to such business Respondent should be required to file the contracts under which such gas is sold and transported and submit such business to approval, supervision and regulation of the Department and to the provisions of the Arkansas Public Utilities Act of 1935.

II

The gas that is transported by Respondent from without the State of Arkansas into the State of Arkansas and delivered to industries from its pipeline system was at all times interstate commerce and still is interstate commerce. Said gas was transported to fulfill certain special contracts [fol. 31] previously made at Shreveport, Louisiana between Respondent, or Respondent's predecessor, and each industry. Each contract has its own distinct terms, conditions, periods and prices etc., having been made according to the circumstances of each case. Such gas is not sold as a public utility. The buyer and Respondent in each case agree upon the terms, conditions and price to be paid, which varies according to the volume, load factor, conditions of service and prices of competitive fuels.

III

General Order No. 13 properly interpreted is inapplicable to business and contracts that are interstate commerce only. As to the intrastate business of Respondent, the rate schedules and contracts have been filed and General Order No. 13 has been complied with in so far as Respondent has been able to do so; if it should be considered that there has been any failure or omission with respect to such business, Respondent stands ready to furnish any further information desired. But Respondent did not and does not construe the said General Order as applicable to the above industrial contracts and business in interstate commerce.

IV

If said General Order should be construed to relate to the interstate contracts, it would to that extent be invalid and in violation of Section 8 of Article I of the Constitution of the United States. Respondent is not obliged to submit its interstate contracts and business to the approval, supervision and regulation, etc., of the Department nor to the terms of the Arkansas Public Utilities Act which relates to intrastate business only.

V

Respondent, however, for purposes of information and evidence, offers said interstate commerce industrial contracts to the inspection and examination of the Department, its authorized officers, attorneys, or accountants, and will

produce evidence concerning them; but said contracts are not subject to regulation and control by the Department as will be shown at such time and place as the Department may set for hearing. As Respondent understands, the question [fol. 32] raised is concerned not only with gas which is transported from without the state and sold to utilities for resale and which is not sought to be regulated, but only with the gas that is sold and transported from without the state and delivered from the pipeline system to industrial buyers in Arkansas.

Wherefore, if the Department desires to aver that the industrial gas sold and shipped from without the State of Arkansas into Arkansas is intrastate utility business subject to regulation by the Department and to the provisions of the Arkansas Public Utilitiy Act, Respondent prays that an issue be made so that it may have notice and opportunity to be heard thereon and to present the facts, and that the Department upon final hearing find and hold that such business is interstate and not subject to regulation by the Department nor to the provisions of the Arkansas Public Utilities Act.

Moore, Gray, Burrow & Chowning, H. C. Walker, Jr.,
W. H. Arnold, Jr., Attorneys for Respondent.

Duly sworn to by J. C. Hamilton. Jurat omitted in printing.

[fol. 33] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

[Title omitted]

AGREEMENT AS TO HEARING

By agreement the above entitled cause is set for hearing at 10:00 o'clock A. M., December 10, 1935, at the offices of the Department in Little Rock, Arkansas, this November 18, 1935.

By order of the Department.

[fol. 34] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

Statement of Evidence

Chairman Lasley: The Department will have no disposition to preclude you from offering all testimony you deem

pertinent, any proof that you care to offer at all; the only request it will make of any of you is that due diligence be shown in securing it.

Mr. Arnold: We will do that. I suggest that you go ahead with the proof.

Chairman Lasley: Be sworn, Mr. Flanders.

J. E. FLANDERS, a witness of lawful age, after first being duly sworn, testified as follows:

Direct examination:

Q. State your name and occupation, Mr. Flanders.

A. J. E. Flanders, chief engineer, Department of Public Utilities of the State of Arkansas.

Q. As such chief engineer, have you recently made, or caused to be made under your supervision and direction, a survey of the pipe lines and transmission system of the Arkansas Louisiana Gas Company, as such lines enter Arkansas, and determined the number of taps or take-offs from those lines in Arkansas?

A. We have, or rather, I have caused to be made a detail of the taps and certain other information in connection with the service in the State of Arkansas. This information is not a survey of the transmission lines, but is a canvass of the records of the Company, and we have prepared an Exhibit which I would like to introduce and ask that it be marked Exhibit No. —.

Q. Before you do that, I would like to offer and make as a part of this record a copy of General Order No. 13. Let it be marked Exhibit No. 1, and your exhibit may be marked Exhibit No. 2. Continue with Exhibit No. 2. (Copy of General Order No. 13 marked Exhibit No. 1; Statement of Arkansas Louisiana Gas Company Transmission and Distribution Data for Period August 26 to September 25, 1935, marked Exhibit No. 2).

[fol. 35] A. On page 1 of Exhibit No. 2 is an approximate map of a portion of the transmission system of the Arkansas Louisiana Gas Company. This map is a photostat of one contained in the National Gas Magazine, issue of May, 1935. From a comparison of the maps of the Company it gives a fairly good out-line of the main lines, however, the scale is so small that the tap lines of the subsidiary transmission lines do not show up very good. We have added to this map by putting designations of the vari-

ous lines as carried by the Company. For instance, Line A running from the Louisiana-Arkansas state line to Little Rock, and in connection with this information we have not included any information on the Line A from Clarksville to Little Rock. That is the Northern part of the state.

Q. Just a minute, Mr. Flanders. What is designated on this plat, page 1 of Exhibit No. 2, as the Arkansas-Louisiana state line? Let's get that located.

A. Mr. Lasley, it did not run all the way across. It is below Doddridge, running to the Texas line there. It don't show up very well. It is just a continuation of this line showing the line on the East.

Q. Mr. Flanders, there is nothing on the plat to indicate what line is the state line between Arkansas and Louisiana.

A. Yes, sir. It is North of Ida.

Q. As I understand, the line which is broken immediately under the words "Sarepta Gas Field" is the state line.

A. Yes, sir.

Q. That line connects with what is shown to be the Mississippi River on the East?

A. Yes, sir, and the Texas——

Q. But does not extend to what might be the Texas line on the West?

A. It has not been drawn in there. The state line does extend to the Texas line on the West in a direct line with the line that you describe.

Q. Then, the line which we have just described as the Arkansas-Louisiana line, if extended West to the Texas line, would throw Ida in Louisiana and Ravana in Arkansas?

[fol. 36] A. Yes, sir. That is correct.

Q. You mentioned that the information that you had did not cover that part of Line A North of Little Rock extending from the Clarksville Gas Field. Clarksville Gas Field is in the State of Arkansas? Is that correct?

A. Yes, sir.

Q. All right, go ahead.

A. In this exhibit we have attempted to group the information that we obtained, first by transmission lines and then by the location of the tap on those transmission lines. The summary of this information is shown on page 2 of this exhibit. In this summary we have grouped the information by the various classes of consumers, that is, Company owned distribution systems, industrial customers,

rural customers and foreign owned distribution systems, showing the total number of transmission line taps, the number of meters for metering the gas at those taps, the amount of gas metered in the period August 26 to September 25, 1935 in thousands of cubic feet, and the number of customers served.

Q. Does your number of customers served, for instance, on Line A there, that includes what might be termed transmission line customers as well as the local distribution system customers served off of that line?

A. You might say that the number of transmission line taps are the number of distribution systems and that the number of customers are the number of customers in the distribution systems, for instance, under foreign owned distribution systems we have under Line A one transmission line tap, and under "number of customers" one. That is, the distribution system considered as one customer of the company.

Q. Just a minute. Further back—in all of the main lines that you have designated there, A to E, both inclusive, contain fifty-four taps for the purpose of serving distribution systems owned by the Arkansas-Louisiana Gas Company?

A. That is correct.

Q. There are industrial customers served from these same pipe lines to the number of 40, and there are 40 taps to serve them?

[fol. 37] A. That is correct.

Q. Rural customers from those lines are served by 185 taps and there are 325 of those customers?

A. Yes, sir. That point that Mr. Hamilton mentioned a while ago (the discussion was off the record) in connection with the rural customers, we obtained from the Company's records as far as we could, and I think this information is as accurate as could be obtained without an actual field inspection, to determine, for instance, in the rural customers if their records show that four or five rural customers were served at the same station, that is, any kind of station, we considered it as one tap and that the total of those customers' meters went to make up the total amount of gas that was recorded for that tap. There is a possibility there that the 185 taps is either more or less than the actual. As I say, without a complete field canvass we could not determine that information exactly and what we have

shown here is as near as we could obtain from the Company's records.

Q. Mr. Flanders, on your plat, on page 1 of your Exhibit 2, what lines does the Company have shown on that plat through which they transmit gas from the State of Louisiana into the State of Arkansas? Just give the line numbers.

A. Line A, Line H, Line K, and a subsidiary line off Line A—AM 45, and Line C.

Q. Does the Company transmit any gas from Louisiana or Texas except through those lines you mentioned? I mean into Arkansas.

A. Not to my knowledge.

Q. Is there any gas transmitted through these lines into Arkansas, which in turn is passed from Arkansas into any other state?

A. Yes, sir. Line "C" for instance, just goes across the Southwest corner of the state and runs up to Texarkana in Texas, and there is, to my understanding, that gas flows, and can flow, both ways in Line AM 45 to Texarkana, or from Texarkana into Arkansas and to Texarkana from Arkansas.

Mr. Hamilton: That number is 45 on my map.

[fol. 38] A. 45 is right. See that the exhibit is right. Also, it of course would be possible to, but I am not familiar enough with the affairs of the Company to be able to say whether that condition has occurred, to transmit gas brought in from Line A from Louisiana gack through El Dorado and back down across the state line, however, I think that condition—back down across the state lines through Lines H and K—is not normal.

Q. Is there located on this plat the gas fields or sources of the gas which is transmitted from Louisiana into Arkansas in the manner that you have detailed?

A. Yes, sir, fairly good location. The Monroe Gas Field, the Richland Gas Field, the Shongaloo Gas Field, the Sarepta Gas Field—I don't know at this time whether the Company takes gas out of those last two but it is my impression that they do—the Elm Grove Gas Field, the Rodessa Gas Field, the Caddo Field, the Longwood Field, all in Louisiana, and some from the Panola Field in Texas and of course the Rodessa Field is shown on this map as running over into Texas.

Q. Now, further with respect to the map, I notice along the lines of the main transmission system, as well as on some of the laterals leading therefrom, a lot of little black dots. What do they represent?

A. They represent points of distribution. They are cities and towns served retail. The key, or rather the legend, is shown in the upper left corner of the map.

Q. All right, go ahead with the case.

A. The information that we obtained from the Company's records has been grouped, as previously stated, by lines, by main transmission lines. For instance, Line A, from our investigation the first tap on that line in the State of Arkansas is the town—for the town border station of Doddridge. We then take the taps in order from the Louisiana-Arkansas state line. Now that does not mean that they are in order in distances from the state line, because, for instance, we came up to the point where Line AM 45 connects with Line A. We then, as in all cases, took the taps on Line AM 45 to its end. If it had had branch [fol. 39] lines running from AM 45 we would have taken those in order from the main line and then in order from their point of connection with AM 45 to their end, so that the grouping, or arrangement, is not according to distance but is more or less as the gas might be distributed. Of course, gas, for instance, would undoubtedly reach Garland City before it reached the state line of Arkansas and Texas on line AM 45, however, our tabulation—if you had a customer over near to the state line he would be listed ahead of Garland City, as I stated before.

Q. Your first tap on Line A after it crosses the Arkansas-Louisiana state line is Doddridge?

A. That is correct, yes, sir.

Q. Then comes Fouke?

A. Yes, sir.

Q. Now, if there had been any industrial or rural customers served off of the main lines between those points you would have located them and they would have come in that order.

A. Yes, sir, but for instance, if there had been any rural customers or industrial customers served off of the tap that runs to Doddridge they would have been in that order following Doddridge, or ahead of Doddridge, rather. Then as I previously stated, we grouped the customers into four different classes, showing their locations as far as it was

possible to obtain same. The details are shown on pages 3 to 10 inclusive, and we have shown the names of the customers—of all of the customers that we were able to obtain; the number of meters, the transmission line from which the customer is served, or the transmission line on which his tap is located, the gas metered from August 26 to September 25, 1935 in thousands of cubic feet, and the number of customers. On page 4, tap number 78, the amount of gas shown includes the industrial sold to the Arkansas Power & Light Company. We have shown in each case the gas metered by the meter on the tap and the industrial sale to [fol. 40] the Arkansas Power & Light Company at Pine Bluff is metered at the city gate station along with the other gas distributed in Pine Bluff. The same applies to Little Rock, on page 5, in which the total of 292,807 M. C. F. includes 130,200 M. C. F. sold to the Arkansas Power & Light Company.

Q. Have you any information as to how the Arkansas Power & Light Company is served at Pine Bluff and Little Rock, that is, the physical set up for the service of that Company?

A. The only information I have in connection with that service is that it is served off of the high pressure distribution system, high pressure local distribution system, in both cases.

Q. Now in Pine Bluff, the Arkansas Louisiana Gas Company owns the distribution system and distributes gas there?

A. Yes, sir.

Q. In Little Rock the Arkansas Louisiana Gas Company does not own the distribution system, but if I understand you correctly, the Arkansas Power & Light Company is served in Little Rock through the facilities of the local distribution system?

A. It is my understanding, yes, sir. We have listed Little Rock as a Company owned distribution system, however, due to its affiliation.

Q. But it is a separate company in Little Rock, is it not?

A. That is my understanding.

Q. Little Rock Gas & Fuel Company?

A. Yes, sir. That is right.

Q. In checking this matter through, do you find any other service where the Arkansas Louisiana Gas Company is

using the facilities of the Little Rock Gas & Fuel Company to serve the Arkansas Louisiana Company's customers?

A. No, sir, we did not find that.

Q. Mr. Flanders, can you identify that sheet of paper I am handing you, do you know what it is?

[fol. 41] A. Yes, sir. It is the tabulation made by Mr. Cearley, the chief accountant of the Department of Public Utilities, at the request of, I think part of it was at my request, and Mr. Lasley's request, in which he tabulated the consumers, or the industrial consumers, showing the October billing, the thousands of cubic feet of gas, and the amount of the billing for each, for which the Company had not filed a rate schedule.

Q. In other words, that is a list of the industrial customers served from the various pipe lines of the Company in Arkansas for which the Company filed no rate schedule pursuant to the terms of General Order No. 13 of the Department?

A. That is my understanding, yes, sir.

Q. Subject to any verification which you care to make, Mr. Arnold, after checking, may we introduce that as an exhibit?

Mr. Arnold: Yes, sir.

Q. Let it be noted as Exhibit No. 3. (Statement of Individual Consumers Served Directly from Transmission Lines Not Included in Rate Schedules Filed by the Arkansas Louisiana Gas Company, introduced and marked "Exhibit No. 3".)

Q. Mr. Flanders, the first listed Company on Exhibit 3 is the Consumers Gas Company?

A. Yes, sir. Consumers Gas Company at Hot Springs.

Q. It don't say where.

A. That is Hot Springs.

Q. Now Exhibit 3 shows that to be on Line G. Is there any such line number as that?

A. "G", let's see that exhibit. That typing is in error. That is on Line A, Mr. Lasley, Line G on Exhibit 3 should be Line A. The Consumers Gas Company at Hot Springs is shown on page 4 of Exhibit 2 on tap No. 76 as being on Line AM 22. Exhibit 3 simply took those customers and classified them according to the main transmission line and not the subsidiary transmission line.

[fol. 42] Q. Now the gas that would be delivered to the Consumers Gas Company at Hot Springs off of Line AM 22 shown on page 1 of Exhibit 2, where would that gas come from?

A. Well, it would come from Louisiana primarily. Of course, as I stated a while ago, it could come up through Texas across AM 45 and come into Line A and then up Line A, or it could go across the state line through Line A, or it could come across the state line through Line H or Line K.

Q. All right. Now for the purpose of question, let's assume that it would come up Line A and that the amount of gas which crosses the state line in Line A is the original package; how many times would that package be broken and dished out before it got to Hot Springs?

A. On the basis of Exhibit 2 it would be broken seventy-five times.

Q. Seventy-five times? All right. Suppose that it came around through Texas on Line AM 45, shown on page 1 of Exhibit 2, how many times would the original package be broken after crossing the state line and gas withdrawn from it before it reached Hot Springs?

A. In that question, Mr. Lasley, are you assuming that all the gas for Arkansas would be coming across the state line on AM 45, that is, the entire gas for the State of Arkansas?

A. Yes, sir.

Q. If you haven't the number of taps readily available I don't suppose the gentlemen would object to you making a calculation during the noon hour and answering the question later.

A. Just a minute, assuming that the gas reached all points on all lines South of Hot Springs and south of the connection of Line AM 22 with Line A before it reached Hot Springs, it would be 257 times. That is simply, that 257 is simply the total taps up to Hot Springs and none past Hot Springs towards Little Rock.

[fol. 43] Q. Are there 257 taps between the Arkansas and Texas line on Line AM 45, and then on Line A from the junction of AM 45 with Line A to Hot Springs?

A. No, Mr. Lasley. The 257 taps that I gave were all the taps—all the taps on all lines ahead of Hot Springs. That is AM 45 and also includes the taps on Line A South

of the connection with Line AM 45, also it is the taps on Line E back towards the state line and on Lines H and K. That answer of 257 was the assumption that gas reached all other points before it reached Hot Springs, and all other points South.

Q. For the purpose of this question, let's assume that Line E is cut off from Line A and that none of the gas going through Line AM 45 goes South.

A. In Line E or Line A?

Q. Line A. How many taps would you have?

A. That would be a total of seventy-three, assuming that the taps on AM 19, or Pine Bluff, would receive gas ahead of Hot Springs.

Q. How many taps are there on Line AM 19?

A. There is one tap directly on AM 19 and that is Pine Bluff, however, there is a subsidiary running off of AM 19, and that is known as AM 21, and there is one tap on that, the Sheridan distribution system, so that would make a total of two taps on AM 19.

Q. All right, let's assume now, Mr. Flanders, that the gas would come in from Louisiana, and disregard the taps on Line A South of the junction with Line E and on AM 46. How many times, assuming that the original packages of gas crossing the Arkansas Louisiana state line on Line E, would it be broken before it would reach Hot Springs?

A. Line E does not cross the state line, Mr. Lasley. The two lines that cross the state line at that point are Lines H and K. Line E is merely a lateral and connection between Lines A, H and K.

Q. All right. Assuming that the gas crosses the state line in Line H and is then transmitted through Line E to Line A, disregarding all taps on Line A South of the junction between A and E, and on Line AM 46, how many times would the original pacakage crossing the state line be broken and drained off before it would get to Hot Springs?

[fol. 44] A. 128 times. That is all of the taps on Lines H, E and on Line A from North of the Trees Compressor Station up to and including Line AM 22 running to Hot Springs.

Q. Now, Mr. Flanders, turning to your Exhibit No. 2, page 3, I note there under column "Gas Metered 8-25 to 9-26" does that mean from August 25 to September 26?

A. That statement on that sheet is an error in typing. That should be 8-26 to 9-25, that is the period.

Q. That means approximately a month's times, does it?

A. Yes, sir. That is a month's times.

Q. And that is the amount of gas that was drained off on each of these taps during that period in 1935?

A. Yes, sir. That is the amount of gas metered at these taps.

Q. With the exception of the taps which are purely classed as industrial where the amount of gas drained off would depend upon the operation of the industry, would you expect the amount of gas drained off for each of the other months of the year to be proportionately as shown here as between the different taps, taking into consideration weather conditions?

A. Yes, sir, the consumption would be proportionately between the various distribution systems, and their proportion of the total should vary about the same.

Q. You mean roughly?

A. Yes, sir. In other words, for instance, for average size distribution systems the amount of gas should vary from month to month about in the same proportion.

Commissioner Bond: That is at a period of about the lowest consumption.

A. No, June and July are lower months in consumption.

Chairman Lasley:

Q. In other words, if Doddridge took one-tenth of one [fol. 45] per cent of the gas brought into Arkansas from Louisiana during the period that you have here, you would expect that same ratio to prevail approximately throughout the year?

A. Approximately so. You did not pick a very good town to compare it with—Doddridge—because possible there is not as much heating there as there would be in some other towns. The amount where a town—the primary load of a town—cooking load—or whether it had a pretty good saturation on heating, would make these figures vary. However, it should be approximately the same proportion.

Q. I think until Mr. Flanders gets the rest of the information that that is all. It is now 12 o'clock and we will

recess until 1:30 P. M. if that is satisfactory with you gentlemen.

A. That is quite all right.

* * * * * * *

Q. Mr. Flanders, have you before you Exhibit 3, which was introduced before lunch?

A. We are having it copied. I have a copy here, though.

Q. Have you investigated to determine the usual and ordinary pressure that is carried in those transmission lines, A, K and E?

A. Yes, sir.

Q. What is that?

A. Well, the pressures of the transmission lines are shown better on page 11 of Exhibit 2. This sheet is more or less self-explanatory, and it is simply a tabulation of the line pressures at various points, or some of the points on the transmission system. The pressures that I have there are the pressures that were shown by the gauge at the meter, and of course are somewhat lower than the pressures shown on page 11 of Exhibit 2. For instance, the first pressure station, No. 151, on page 11, is located at the Trees Station, and it is on Line A from the Rogers Station. The maximum high pressure was 170 pounds and the average—that is, the arithmetical average at the times we took [fol. 46] the pressure—in other words, we took the high pressure each day and the low pressure each day, and the average for the twenty-four hour period, so the average of 97 that we show there is the average of the highest each day of the month.

Mr. Hamilton:

Q. Do you mean the "average of the highest" or the average of the high and low?

A. The "maximum" is the maximum pressure recorded during that month, and the average pressure of 97 is the average of the highest for each day of the month, or the arithmetical average. See, the pressure there varies from 170 to 75 pounds, being the lowest of the high pressures for any day, and so the 97 is the arithmetical average of those thirty daily highs. The low pressure of 60 is the lowest pressure recorded during the month, and the average of 81 was obtained in the same manner.

Chairman Lasley:

Q. Now, with respect to the industrial customers set out on Exhibit 3. What is the pressure at which that gas is measured or metered to those industrial customers?

A. Well, take the first one—Consumers Gas. They have two meters there. The gas pressure, of course, was first reduced and for one meter the maximum pressure on November 1, 1935, was 14.75 pounds; that was the metering pressure. The average was 12 pounds, and the low 10 pounds. Of course, in each case, the pressures on all those stations would be lower than the transmission line pressure.

Q. Can you tell how much lower on that date?

A. At that point—I can't tell on that date, Mr. Lasley. It is enough lower, though, to provide for the flow of gas through the meter.

Q. That would occur if the pressure were only relatively slightly lower, though, wouldn't it?

A. Yes, sir. I imagine that pressure at Hot Springs isn't a great deal lower than the actual transmission line.

[fol. 47] Q. What is the transmission line pressure when you get to Little Rock?

A. I don't have that record. The record we have here is at the metering stations, with the exception of the Tress Station. I don't have the final pressure of the gas at Little Rock, other than at the pressure it is metered.

Q. You don't have the pressure before it goes through the regulator the first time?

Mr. Hamilton: They did not take that off down there. They didn't say they wanted it, but we will be glad to get that to you if you want it.

Chairman Lasley:

Q. Mr. Flanders, from your study of the layout of the pipe lines of the Company crossing the State line, and the disposition of gas from the transmission lines after it gets into Arkansas, state whether or not the manner and method of disposing of that gas is similar to what would be the case if a tank wagon of gasoline were brought across the state line, and at the first town they broke the seal on that tank wagon and tapped out a little gasoline there, and went on up the road to the next customer and tapped out a little more, and pursued that method until they disposed of all the gas they had?

Mr. Arnold: Is it necessary to object to that? If so, we would like to, on the grounds that it is merely a conclusion.

Chairman Lasley: I am asking him as an expert, if there is any difference between your system and the one just outlined?

A. Primarily, no. To my mind there is no difference, when for instance, the wagon reached Little Rock it disposed of the remainder of its load of gasoline, and that is the condition in this case, if you would take any given quantity of gas entering into the transmission line.

Q. In other words, the gas that crosses the state line is parcelled out wherever a demand for that gas exists?

A. Yes, sir. And the demand exists at the various taps on the transmission line.

[fol. 48] Q. And all of the gas that crosses the state line in those transmission lines that has not been disposed of and drawn off through those various taps between Little Rock and Arkansas-Louisiana state line is disposed of in Little Rock?

A. Yes, sir. The remainder of the package is disposed of in Little Rock.

Chairman Lasley: In view of the fact, gentlemen, that there are other exhibits to be prepared unless you have questions to ask Mr. Flanders, we will continue this case——

Mr. Moore: It is understood that if we should want to examine Mr. Flanders on what he has testified to to-day, we have that right when we come back?

Chairman Lasley: Yes. We will then adjourn this hearing to 10:00 o'clock next Tuesday, which will be December 17.

Pursuant to adjournment on December 10, 1935 the hearing in this cause is resumed this 17th day of December, 1935 with the same appearances as on the day of adjournment.

Chairman Lasley: I believe Mr. Flanders was on the stand when we recessed the other evening. There was something said when Exhibit 3 was introduced about an error appearing in the pipe lines listed. I understand that a corrected copy has been made, and I want the record to show it.

(By consent a corrected copy of Exhibit 3 is introduced and made a part of this record.)

The other day we were dealing with Exhibit 2, Mr. Flanders.

A. Yes, sir.

Q. Have you prepared a summary of those lines and taps on those main lines since we adjourned the other day?

[fol. 49] A. I have prepared an Exhibit which is similar to Exhibit 2, or rather contains all the information that was in Exhibit 2, with the exception of the number of customers on the distribution systems, and it has some additional information. It makes correction for a number of small errors that were in Exhibit 2. If possible, I would like to introduce this as an exhibit and withdraw Exhibit 2.

(Agreed during off the record discussion that the corrected Exhibit be designated as "Exhibit 4".)

Q. If you gentlemen have any objections to the introduction of this Exhibit as No. 4, you may make them later, if you care to. Go ahead, Mr. Flanders.

A. Exhibit 4 contains all of the information that I had included in Exhibit 2, with the exception of the number of customers on the distribution system and the pressure chart that was on page 11 of Exhibit 2.

On page 14 we show an approximate map of the entire transmission system of the company, giving as nearly as possible the various taps on the main transmission lines and also on the subsidiary transmission lines. This shows the entire system for Arkansas, Louisiana and Texas, with the exception that Louisiana and Texas are not in the entire detail that we have shown for Arkansas. The map is made from information obtained from maps prepared by the company, and is, I think accurate enough for this purpose. This shows, for instance, the various points of the crossing of the State line—Line A crossing in Miller County, Line C crossing in Miller County, and Lines K and H crossing in Union County, and Line AM-45 crossing from Texarkana in Miller County.

On page 1 is shown a summary of the information contained in the detail of pages 3 to 13, inclusive, giving the summary of the various taps by the classes of consumers, and the number of meters for metering the gas, and the gas in MCF sold during the period from August 26 to September 25, in 1935. The first summary shows a total of 55 taps under the column headed "number of consumers", and 64

meters, and a total of 531,242 MCF of gas metered during the month from August 26 to September 25, 1935. Now, [fol. 50] that amount of gas which I just gave includes what has been termed "Industrial gas" sold to the Arkansas Power & Light Company at Little Rock and Pine Bluff. The amount sold in Little Rock was 180,200 M. C. F., and in Pine Bluff, 67,099 M. C. F.

Q. That is included in the 531,242 M. C. F. shown on page 1?

A. Yes, sir. That gas for the Arkansas Power & Light Company both at Little Rock and Pine Bluff passes through the city gate metering stations of both cities.

Q. Is that gas delivered to the Arkansas Power & Light in Little Rock and Pine Bluff through the distribution systems serving those respective cities?

A. That is my understanding.

Q. And it is not a direct pipe line sale, so far as physical connection and facilities for making the delivery are concerned?

A. No, the next shown are industrial customers, with 40 metered by 59 meters. The sale of gas for the monthly period is shown as 768,822 M. C. F. I might state at this point that there are some customers • • • for instance, those for which there are taps on the transmission line but which consumed no gas during the month of this study and there are not included in this tabulations. One example is in Exhibit 3, the second consumer on Line A, American Cyanamid & Chemical Corporation.

Q. You say there was no consumption of gas during this month for that company?

A. Mr. Hamilton said that it was a new customer and was added after that date. However, we attempted to get all of the taps. In some cases, if there was no gas metered during the month, we may have omitted those taps. We did get a number of taps where no gas was shown, but I am not certain we got all of them.

The next is for rural customers—a total of 318 taps, metered by 267 meters, and 1,923 M. C. F. of gas.

The next is for foreign distribution systems—2 customers, 2 taps; 4 meters; 64,997 M. C. F. of gas.

There is a change on the rural customers—the total is 186 instead of 318 taps. In that case, those 318 are the number of customers and the taps are shown on page 2 in the last

column, under the rural domestic customer taps and amount to 186. The meters for metering that gas are 267.

[fol. 51] Q. Mr. Flanders, take the gas that may cross the state line in Line A. How many times is the volume of that gas which crosses the state line at A and follows up A broken and separated before it reaches Hot Springs and a portion of it is delivered to the Consumers Gas Company at Hot Springs? I mean just the taps and lead-offs from the main line A, through which part of the gas crossing the state line would be taken off.

A. That is, before it reaches Hot Springs?

Q. Yes—before it is delivered to Consumers Gas Company at Hot Springs.

A. On Line A, starting at the state line, and assuming that gas is taken off for AM-45, and that the gas goes straight through the Trees Station, with none being delivered to Line E, up to the tap on Line A, and Line AM-22 running from that tap to Hot Springs, but not including the tap of Line AM-22, there is a total of 33 taps. This map shows that AM-19 and AM-22 tap Line A at practically the same point. However, AM-19 is not considered in that total of 33. Of course, without considering any gas to Line AM-45, it would be 32.

Q. If we assume that on any particular day all of the gas received by the company into Arkansas and sold and distributed by it in Arkansas comes in through Line A exclusively, would the volume of the gas which crosses the Arkansas-Louisiana line through Line A be broken up and distributed to your 33 ways, or through 33 taps before any part of that gas should reach Hot Springs?

A. Yes, sir. Gas would be drawn off of Line A at 33 points before it reached the tap from Line A to Hot Springs, and it would be drawn off at 32 points if none were put into Line AM-45 running over to Texarkana.

Q. Now, let us assume, Mr. Flanders, that they received gas through Line C only,—that is the line which crosses the Louisiana-Arkansas state line and then crosses the Arkansas-Texas state line and proceeds to Texarkana and is tapped by Line AM-45 South of Texarkana and West of the Arkansas-Texas line—let us assume that they were receiving gas exclusively through that line——

A. Through line C and then through AM-45 into A, and then North in Line A?

[fol. 52] Q. Treating that part of Line A South of the junction with 45 as another tap, how many times would the volume of gas which would enter the State in that method be broken up and part of it drawn off before any of it reached Hot Springs distribution system, or was delivered to Consumers Gas Company?

A. Well, it would be a total of 31 times—that is, the taps off of Line A up to and not including Line AM-22. In other words, before the gas left Line A for Hot Springs it would have been tapped a total of 31 times, not including Line E at the Trees Compressor Station. Of course, between Line A and Hot Springs there are some more taps, and your question covered to the Consumers Gas Company at Hot Springs, so there would be an additional 5 taps on Line AM-22 before the gas reached the City Gate Station at Hot Springs. There-fore, the direct answer to your question would be 36 taps before reaching the City gate at Hot Springs.

Q. Now, then, getting back to gas crossing the state line in Line A, you would add that additional number of taps on Line 22, wouldn't you?

A. Yes, if you wanted to take it to the Town Border Station at Hot Springs, there would be an additional 5, or 38 taps in all.

Q. During the month that you have made your study, does your exhibit show the number of M. C. F. drawn off on those taps?

A. It shows on all the taps, Mr. Lasley, with the exception of—for instance, if any gas were drawn off on AM-45 it would not show, or on Line E—but all the other taps show.

Q. Now, let's assume that the gas is received through Line K and crosses the state line between Arkansas and Louisiana in Southeast of El Dorado, according to your plat. How many times would that volume of gas be broken and distributed in reaching the Consumers Company at Hot Springs.

A. Mr. Lasley, for gas to come into the state over Line K, it goes through the Barton Compressor Station or through the by-passes and then enters into Line E, which ties into Line A at the Trees Compressor Station. The total taps on the K system and the E system——

[fol. 53] Q. In giving that answer, Mr. Flanders, treat everything leading off of Line K, whether it be a loop, run-

around, a taps, or whatnot, as a tap, but you need not take the taps off the laterals leading off of Line K.

A. The total taps on transmission Lines K, E, A and AM-22, before the gas would reach the town border station at Hot Springs, would be 49. That includes the connecting tap between Line E and Line E-1. In other words, 25 taps on Line K, 9 on Line E, 10 on Line A and 5 on Line AM-22 to the town border station at Hot Springs.

Q. Do I understand, then, that if we assume that the only place at any particular time the company is receiving gas from Louisiana into Arkansas, or from Texas into Arkansas, is through Line K; that the volume of gas which crosses the Arkansas-Louisiana state line would be broken up 49 times before it got to the city gate station and was delivered to Consumers Gas Company at Hot Springs?

A. Yes, it would be drawn off at 49 points.

Q. Now, where is the American Cyanamid Chemical Corporation tap?

A. That tap was not on the line at the time we made our study; we have not included it in our exhibit.

Q. Louisiana Iron & Supply Company tap—where is that?

A. According to Exhibit 3, it is on Line A. There are two taps serving the Reserve Development Company.

Q. Is that a successor——

A. It is the successor company to Louisiana Supply Company. One is on Line EM-15 and the other is on Line HM-1. EM-5—it is EM-5 instead of EM-15—EM-5 is up close to the left hand corner of the large section of the El Dorado district.

Q. All right, the volume of gas which would enter the State of Arkansas over either of the methods the company had of introducing gas into the State of Arkansas from Texas or Louisiana, would be broken how many times before it would reach this company?

[fol. 54] A. Assuming the gas crossing the state line in Lines H and K and running up to the Reserve Development Company on Line EM-5, the total volume would be broken a total of 229 times. That is, the total taps on both the main and subsidiary transmission lines from the state line up to the Reserve Development Company.

Q. If you treated the subsidiary transmission line as only one tap, how many times would the volume be broken up?

A. Forty-six taps on the main transmission Lines H, K and E, before Line EM-5 to the Reserve Development Company.

Q. If you assume that gas should come in over A and C?

A. Over A there would be a total of 28 taps, assuming gas crossing the state line in Line A and thence up to Trees Compressor Station through Line E to Line EM-5—28 main transmission line taps and points of break.

Q. Assume that it comes in over AM-45 into Line A.

A. There would be a total of 26 taps.

Q. Now, the next name on Exhibit 3 is Arkansas Western Gas Company. That comes off of the transmission system North of Little Rock.

A. It is my understanding that it comes direct out of the Clarksville gas field.

Q. Dixie Beauxite Company, Incorporated. Assuming that the gas comes into Arkansas either on Line K, Line H, Line A or AM-45, how many breaks would there be in the volume crossing the state line on either of those 4 lines before it reached Dixie Bauxite plant?

A. Assuming that the gas crosses the Arkansas-Louisiana state line in Line A, and is not broken for Line AM-45 or Line E, it would be broken 47 times before reaching the Dixie Bauxite Company.

Q. Now, take up each of the other three lines.

A. Assuming the gas crossing the Arkansas-Texas state line in Line AM-45, and not being broken in Line E, it would be broken 45 times before reaching Dixie Bauxite.

[fol. 55] Assuming gas crossing the Arkansas-Louisiana state line in Line H, and then to Line E-1, thence to Line E, to Trees Compressor Station, then into Line A to the Dixie Bauxite Company, there would be a total of 54 breaks.

Q. Now, Line K——

A. From Line K into Line E, then into Line A at the Trees Compressor Station; then in Line A to the Dixie Bauxite Company, it would be tapped 58 times.

Q. I notice on Exhibit 3, Mr. Flanders, that there are two accounts for Dixie Bauxite Company. Is that all delivered through one tap with two meters, or why is it shown on Exhibit 3 in that form?

A. In Exhibit 3 that is simply the reading of the two meters; they are at the same location.

Q. Now, before we proceed further, going back to the Consumers Gas Company—to what is that pipe line pressure broken down for delivery by Arkansas-Louisiana Gas Company to the Consumers Gas Company? What is the pressure?

A. That gas is metered at approximately 10 pounds pressure.

Q. Do you know what the pipe line pressure is, approximately?

A. Anywhere from 100 to 175 pounds, I would say.

Q. You say it is metered at 10 pounds pressure. Do you know whether, for the purpose of calculating the bill, that pressure of 10 pounds is reduced?

A. Yes. The quantity of gas is measured at 8-ounce pressure, and I believe that Hot Springs is 60 degrees.

Q. Do you mean that you engineers and the gas people have a method of measuring at 10 pounds and making a calculation for determining what the volume would be at 8-ounce pressure?

A. Yes, sir.

Q. Do I understand from you that that is the method for delivery and payment by Consumers Gas Company?

[fol. 56] A. Yes, sir.

Q. Now, take Louisiana Iron & Supply Company, which I believe is now listed as Reserve Development Company. At what pressure is that gas actually measured by Arkansas-Louisiana?

A. A maximum of 8.4 pounds; an average of 8, and a low of 3.75, and the quantity of gas is calculated on the basis of 8 ounces. In all cases, the quantity of gas shown in this Exhibit 4 is at 8-ounce pressure.

Q. Is that the pressure at which, in each instance, the volume of gas is calculated by the selling company and paid for by the purchasing company?

A. Yes.

Q. What is the actual effect, Mr. Flanders, of reducing the pressure on any given volume of gas?

A. It increases the volume.

Q. Now, what is your pipe line pressure at the tap where this Reserve Development Company's meter is located and before it goes to the regulator?

A. The nearest point to that point of delivery that I have recorded is shown on page 11 of Exhibit 2, and during the month for which this study was made the highest pressure

was 280; average 237; lowest 165, with an average low of 198, and average 24-hour of 215 pounds.

Q. Now, Mr. Flanders, the next name on Exhibit 3 is Arkansas Portland Cement Company. According to this Exhibit, it seems to have two readings. Assuming that gas enters the State of Arkansas across its line by the 4 methods,—K, H, A and AM-45, how many times would that volume be broken before it would reach the cement company—the delivery point? That delivery point is shown on the map on page 14 on Line AM-46 in Howard County as "OK Cement Plant".

A. Assuming that the volume of gas crosses the Arkansas-Louisiana state line in Line A, it would be broken 26 times before reaching the OK Cement Plant or the Arkansas Portland Cement Company. In Line AM-45 it would be broken 24 times before reaching the Arkansas Portland Cement Company.

If it crosses the Arkansas-Louisiana state line in Line H and then into Line E-1, then through Line E-1 to Line E, through Line E to Line A, but not North of Trees Compressor Station in Line A, and through Trees Compressor [fol. 57] Station to Line AM-46, it would be broken a total of 32 times before it reached the Arkansas Portland Cement Company.

Assuming the gas crossing the Louisiana-Arkansas state line in Line K, running thence to Barton Compressor Station into Line E, and in Line E to Trees Compressor Station, but not North in Line A, and through the station to Line AM-46, it would be broken a total of 36 times.

Q. If the gas came in either through A or K, it would go through the Trees Compressor Station?

A. It might be through by-passes.

Q. That volume of gas coming through those lines would also be broken by going North from that station on Line A and South from that station on Line A, would it not?

A. Yes, but I would not assume that in my answers to these questions.

Q. But your answers on Lines H or K, if you treated A, North and South, an additional 2 should be added, wouldn't it?

A. Yes, Line A, North, is one and Line A, South, is another.

Q. Assuming that it entered through Line A, would you treat Line A, North of the station, and Line E, Southeast of the station, as taps?

A. No, sir. There, again, if we considered those as taps, there would be two more.

Q. And two more if it came through Line AM-45?

A. Three.

Q. Yes, that is right. What is the pressure on that gas delivered to Arkansas Portland Cement Company?

A. Metering pressure—maximum 38 pounds, average 34 and minimum 30.75.

Q. Is that gas billed after reducing it to 8 ounces?

A. Yes, sir.

Q. The next one shown on Exhibit 3 is Acme Brick Company.

Mr. Arnold: Did Mr. Flanders mean the gas was billed after reducing it to 8 ounces?

A. The volume of the gas is calculated on the basis of 8 ounces.

[fol. 58] Q. I just didn't think Mr. Flanders meant to imply that the gas itself was reduced.

A. No, I did not.

Chairman Lasley:

Q. By the way, I notice there are two billings in Exhibit 3 for Arkansas Portland Cement Company. Are there two meters there?

A. Yes, sir.

Q. Now, going back to Acme Brick——

A. There are five meters there.

Q. Do you mean the volume of gas delivered to Acme is broken down and measured through five different meters?

A. They have different kilns there, and it is my understanding that—for instance, if the Brick Company wants to know the amount of gas used in any one kiln, they have the meter set up so it is possible to tell. Also, there are large and low flow meters there.

Q. Go ahead with this Acme Brick.

A. Assuming the gas crossing the Louisiana-Arkansas state line in Line A, it would be broken 35 times before it reached Acme Brick Company. That includes the taps for Line AM-45 and Line E and Line A North.

Assuming that the gas crosses the Texarkana line—that is the Texas-Arkansas state line in Line AM-45, it would

be broken 33 times before it reached the Acme Brick Company. That includes Line A South, Line E and Line A North.

Assuming the gas crossing the Arkansas-Louisiana state line in Line H, it would be broken a total of 41 times before reaching the Acme Brick Company. The gas would come through Line H to Line E-1; Line E-1 to Line E; Line E to Line A, and Line A to tap AM-18, then to the Brick Company, and the total of 41 includes Line A South of the Trees Station and Line A North of AM-18.

Assuming the gas crossing the Arkansas-Louisiana state line in Line K, then into Line E, to Line A and North in Line A to AM-18, it would be broken a total of 45 times, including Line A South and Line A North of AM-18.

(Recess for Lunch.)

[fol. 59] Chairman Lasley:

Q. Mr. Flanders, just before the recess for lunch, I believe we had finished up the Acme Brick Company at Perla.

Now, following the same process you were following, that is, assuming that gas comes into the State of Arkansas through either of Lines A, AM 45, H or K, and tell us how many times that, at a given volume, would be divided in those respective lines in reaching the Republic Mining & Manufacturing Company.

A. Assuming the gas crossing the Arkansas-Louisiana state line in Line A, there would be 46 separate breaks, including Line AM-45, Line E and Line A North of Line AM-25. Now, that is one of the locations of service to the Republic Mining & Manufacturing Company and there are four meters at that point. There is another point of service to that same company on Line AM-67.

Assuming all the gas crossing the Arkansas-Louisiana state line in Line A at the second location of the Republic Mining & Manufacturing Company on Line AM-67, there would be 49 taps including Line AM-45, Line E and Line A North of AM-67.

Assuming the gas crossing the state line in Line AM-45, there would be for the first location of the Republic Mining & Manufacturing Company on Line AM-25, 44 separate breaks including Line E and Line A North.

For the second location there would be 47 breaks, including Line E and Line A North of Line AM-67. That second location is on AM-67.

Assuming the gas crossing the Louisiana-Arkansas state line through Line H——

Q. Trace that main line—the flowage through that.

A. I will in just a second, Mr. Lasley.

Starting at the state line through Line H up to the connection with Line E-1, through Line E-1 to Line E, through Line E to Line A, through Line A to the first location on Line AM-25, there would be 50 breaks or taps, and over the same route to the second location on Line AM-67, there would be 53 breaks or taps.

[fol. 60] Crossing the Arkansas-Louisiana state line through Line K, then through Line E to Line A, then through Line A to the second location on AM-25, there would be 55 breaks or taps, and to the second location on Line AM-67, there would be 58 breaks or taps.

Q. At what pressure is that gas metered to those two stations?

A. At the location on AM-25 the maximum metering pressure that we have the record for—for the month's study that we made—was 37#, the average 37# and the low 36.5#. That is the metering pressure.

Q. At both places?

A. I do not have it recorded at the other location. However, I assume that it would be very close to that pressure.

Q. In that answer and all the others where you speak of 37#, do you mean per inch or per foot?

A. Pounds per square inch.

Q. That is the square inch of the area of the pipe?

A. Yes, sir.

Q. Cross section of the pipe?

A. Not the cross section of the pipe—it is the pounds per square inch of the inside surface of the pipe.

Q. All right. Now, where is the Norton Company located, Mr. Flanders, the next one on this exhibit?

A. It is located on Line AM-25. It is the first tap ahead of the Republic Mining & Manufacturing Company on AM-25.

Q. Therefore, the figures you have given for taps on AM-25 for the Republic Mining & Manufacturing Company would, as to the four lines, be just one less for this Company?

A. That is right.

Q. Do you know what the pressure of the gas is as metered to that Company—the Norton Company?

A. 37.5# maximum, average and low.

[fol. 61] Q. Now, the next on Exhibit 3 appears to be Tooke & Reynols. The notation on this exhibit indicates that that is served off of the main line between Clarksville and Little Rock.

A. That is correct. That is not served off of the A Line.

Q. Take the Arkansas Power & Light Company at Little Rock. I believe you said this morning that it is served through the Little Rock distribution system.

A. That is my understanding.

Q. Who owns that?

A. Little Rock Gas & Fuel Company.

Q. Who owns it?

A. It is my understanding that the Arkansas-Louisiana Gas Company or the Arkansas Natural Gas Corporation owns it.

Q. Do you know which?

Mr. Arnold: All owned by the Arkansas Natural Gas Corporation except a few qualifying directors' shares.

(Discussion off record between Chairman Lasley and Mr. Arnold.)

Chairman Lasley: It is admitted further that all of the voting stock of the Arkansas-Louisiana Gas Company, the respondent in this proceeding, except directors' qualifying shares, is also owned by the Arkansas Natural Gas Corporation.

Q. Assuming, Mr. Flanders, that gas travels into Arkansas through the four lines we have been discussing, how many times is it broken before it is measured to the distribution system at Little Rock?

A. One Line A, assuming the gas crossing the Louisiana-Arkansas state line in Line A, a total of 50 times, including the Lines E and AM-45.

Q. And after reaching the intake for the distribution system in Little Rock you know it is broken many hundreds of times but you don't know how many?

A. I have a number of customers in Exhibit 2 that are shown on the records——

[fol. 62] Q. But that total number of customers would not necessarily mean—they are not necessarily all on the line

between the metering station of the distribution system and where it is metered to the Arkansas Power & Light Company?

A. No. As shown on page 5 of Exhibit 2, we show total number of customers in the distribution system for Little Rock, including North Little Rock, Levy and Park Hill as 18,525.

Q. So far as you know, the physical conditions under which the Arkansas Power & Light Company in Little Rock is served—is it any different from what it would be of any other industrial customers served off the distribution system?

A. Yes, sir. Because they might take another industrial customer off of the low pressure main and they take the Arkansas Power & Light Company off of the high pressure.

Q. If any other customer demanded the amount of gas as the Arkansas Power & Light Company, they would be supplied, undoubtedly, through similar facilities. The pressure for that much gas would not ordinarily take the usual distribution system pressure.

Q. Do you know of any other industrial customer in Little Rock where the pipe line company, the respondent in this case, attempts to serve as it does the Arkansas Power & Light Company in Little Rock?

A. We have no record of any other customer, Mr. Lasley.

Q. Have you dealt with the number of taps on all four of the lines or just Line A?

A. Just with Line A.

Q. Take the others up, please, sir.

A. Assuming the gas crossing the Texas-Arkansas state line through Line AM-45, there would be 48 breaks or taps before it reached the town border station at Little Rock.

Assuming the gas crossing the state line—the Louisiana-Arkansas state line—through Line H up to the connection of that Line with Line E-1, through E-1 to Line E, through Line E to Line A and North along Line A to the Little Rock [fol. 63] town border station, would be 56 breaks or taps, which includes Line A South of the connection of Line E.

Assuming the gas crossing the Arkansas-Louisiana state line through Line K, thence through Line E to Line A, North in Line A to the Little Rock town border station, it would be broken 59 times, including the tap off Line A South at the junction.

Q. Mr. Flanders, I notice on this Exhibit the name of the Little Rock Gas & Fuel Company. What you have said with respect to the service of the Arkansas Power & Light Company in Little Rock as to the breaks or taps or lines that you might find in the distribution would apply to the Little Rock Gas & — Company?

A. Yes, sir.

Q. At what pressure is this service to the Arkansas Power & Light Company in Little Rock metered?

A. A maximum of 17#, an average of 14.5#, low 13#.

Q. Now the next on this list is the Titanium Corporation of America served from Line A.

A. That Company is served off of Line AM-22 running to Hot Springs. The Number of taps in the four assumed routes that I have been giving before gas reaches the Titanium Corporation of America on Line AM-22 is one less than the number I gave for the same routes for the Hot Springs—the Consumers Gas Company town border station.

Q. Now what pressure is that gas measured at?

A. 30# maximum, 23# average, 20# low.

Q. All right. Now take the next name there—Bitucote Products Company.

A. That is off of the H Line.

Q. Not the A Line?

A. No, sir.

Q. All right. Deal with it.

Mr. Hamilton: I believe that is off of the Stephens line. I may be mistaken.

[fol. 64] Mr. Custer: That is off of AM-22.

A. Assuming the gas crossing the Louisiana-Arkansas state line in Line A, Thence North to Line E, thence Southeast to the Barton Compressor Station, thence into Line K, thence into Line HM-3, thence into Line HM-21, there would be a total of 61 breaks including HM-3 on the West.

Assuming the gas crossing the Texas-Arkansas state line through Line AM-45, thence following the route I just described for Line A after the junction of Line AM-45 with Line A, there would be a total of 60 breaks or taps before reaching the Bitucote Company on Line HM-21.

Assuming the gas crossing the Louisiana-Arkansas state line through Line K, running thence to Line HM-3 and

through HM 3 to the Bitucote Products Company on Line HM-21, there would be a total of 9 breaks or taps.

Assuming the gas crossing the state line through Line H, thence to Line HM-3, through HM-3 to HM-21 and through HM-21 to the Bitucote Products Company, there would be a total of 21 breaks or taps. That gas was metered at a maximum of 48#, average 45#, low 40#.

Q. Where is Carsten Brothers?

A. Carsten Brothers are the contractors for the construction of the State Hospital near Benton.

Assuming that the gas crosses the Arkansas-Louisiana state line through Line A, thence to Line AM-66 off of which Carsten Brothers are served, there would be a total of 38 breaks or taps.

Assuming the gas crossing the Arkansas-Texas state line through Line AM-45, thence North through Line A to Line AM-66, there would be a total of 38 breaks or taps before reaching Carsten Brothers.

Assuming that the gas crossing the Arkansas-Louisiana state line through Line K and at Line E, through Line E to Line A, through Line A to AM-66, there would be a total of 49 breaks or taps before it reached Carsten Brothers.

Assuming the gas crossing the Arkansas-Louisiana state line through Line H, thence to Line E-1, thence through Line E-1 to Line E, and through Line E to Line A, thence [fol. 65] through Line A to Line AM-66, there would be a total of 45 breaks or taps before reaching Carsten Brothers.

We do not have any pressure on that gas there.

Q. Now, where is Williams Roofing Company, Mr. Flanders? The next name on your list. Is that in what looks like the area—this intricate distribution system that is in this insert on the map attached to Exhibit 4?

A. Yes, sir.

(Discussion off record.)

Q. It is out of that area on the insert. All right. Go ahead and deal with it as you have dealt with the others.

A. Assuming the gas crossing the Arkansas-Louisiana state line in Line A, running North to Line E, thence Southeast to Line EM-1 and through Line EM-1 to Line EM-3, there would be 28 breaks or taps before reaching the Williams Roofing Company.

Following the same route from the Texas-Arkansas state line through AM-45—junction of AM-45 with Line A—there

would be a total of 27 breaks or taps before reaching the Williams Roofing Company on Line EM-3.

Assuming the gas crossing the state line through Line H, running to Line E-1, through Line E-1 to Line E, through Line E to Line Em-1, through Line Em-1 to Line EM-3, there would be a total of 29 breaks or taps before reaching the Williams Roofing Company on Line EM-3.

Assuming the gas crossing the Arkansas-Louisiana state line through Line K, running to Line E, through Line E to Line EM-1, through Line EM-1 to Line EM-3, there would be a total of 35 breaks or taps before reaching the Williams Roofing Company.

Q. The next one appears to be the Arkansas Bauxite Company.

A. The total taps or breaks on transmission lines leading to the Arkansas Bauxite Corporation on the various routes that I have described for the Norton Company would be one less *than* each case than those given for the Norton Company.

[fol. 66] Q. What is the pressure at which gas was metered to the Arkansas Bauxite Company?

A. I don't have the pressure on that.

Q. What about Williams Roofing Company?

A. Maximum of 45#, average 39# and the low 32#.

Q. All right. Berry Asphalt Company. Where is that located?

A. At ElDorado.

Q. Is that in the area that is in the insert on your map in Exhibit 4?

A. That is next to the Williams Roofing Company. The total number of breaks or taps on the transmission lines leading to the Barry Asphalt Company over the routes as described for the Williams Roofing Company would be one more in each case than for the Williams Roofing Company.

Q. Very well. The next customer is J. C. Buckbee, Trustee. There seems to be about five taps serving them. Is that located in the area contained in the insert?

A. It is in that enlarged section of the ElDorado District.

Q. The Henderson Company, where is that located?

A. In the enlarged section.

Q. Camden Gas Corporation—where is that?

A. North of the enlarged section.

Q. All right. Follow that through as you have the others.

A. Assuming the gas crossing the Louisiana-Arkansas state line through Line A, running to Line E, through Line E to the Barton Compressor Station, then through Line K to Line KM-8, there would be a total of 50 breaks or taps before it reaches the Camden town border station.

Assuming the gas crossing the Texas-Arkansas state line through Line AM-45 from its junction with Line A to Line E, and from that point through the route which is described, would be a total of 49 breaks or taps.

Assuming the gas crossing the Louisiana-Arkansas state line, through Line H-6, through Line E-1 to the Barton Compressor Station, through Line K to Line KM-8, there would be a total of 37 taps before reaching the Camden city gate station.

[fol. 67] Assuming the gas crossing the Arkansas-Louisiana state line through Line K-6 to Line KM-8, would be a total of 28 taps before reaching the Camden Gas Corporation.

Gas metered, total maximum pressure 22#, average 21#, low 20#.

Q. Now take the Southern International Paper Company. Where is that located?

A. Following the same routes just described, there would be two less breaks or taps than for the Camden Gas Company.

Pressure, maximum 30#, average 29.5#, low 28#.

Q. Where is the Houston Oil Company of Texas located? Is it in this enlarged area?

A. It is up near Camden.

Q. Very well.

A. Following the same routes previously described for the Camden Gas Company, the total taps or breaks would be one less than each case for the Houston Oil Company.

Metered—well, the pressure should be about the same. I do not have it here.

Q. All right. We got the Reserve Development Company this morning. Now Henry H. Cross—where is he located? Is that in the enlarged area?

A. Yes, sir. He is in that enlarged section.

Q. All right. Lion Oil Refining Company with reference to the enlarged section?

A. It is in the enlarged section.

Q. Simms Oil Company with respect to the enlarged section?

A. That is in the enlarged section.
Q. Gulf Refining Company?
A. That is in the enlarged section.
Q. Magnolia Petroleum Company?
A. That is in the enlarged section.
Q. The Henderson Company again?
A. That is in the enlarged section.
Q. Standard Oil Company of Louisiana?
[fol. 68] A. That is in the enlarged section.
Q. Root Petroleum Company.
A. That is in the enlarged section.
Q. MacMillan Petroleum Corporation?
A. That is in the enlarged section.
Q. All right. Mr. Flanders, there appears to be an enlarged section designated "Enlarged Section ElDorado District" on the map attached to Exhibit 4 which was introduced this morning. Those that you mentioned as being served in the enlarged section, you mean served off of some one of the many lines shown in that enlarged section?
A. Yes, sir.
Q. Do all those lines drawn there indicate pipe lines leading down in that area?
A. Yes, sir.
Q. Were those lines built in there for the purpose of transmitting gas or for distributing gas?
A. I would say that some were for transmitting and some were for distributing. Some were probably for collection at one time?
Q. For collection?
A. Yes, sir.
Q. What do you mean by that?
A. It is my understanding that they collected some gas there in the ElDorado field.
Q. And stored it?
A. Took it out of wells there.
Q. Mr. Flanders, you spoke of the pressure at which this gas was measured at each one of these take-offs. What is the instrumentality that reads the pressure as found in the main line to the meter?
A. The regulator.
Q. Is any gas that passes through the regulator—can it go back into the main line?
A. Not unless you create a vacuum there suddenly and direct it back.

[fol. 69] Q. Mr. Flanders, assuming that gas is by regulator at any particular point on this system reduced to a pressure of 10#. State whether or not the entire pipe line would have to be filled to a pressure equal to the 10# or there would no gas flow through that meter?

A. That is correct. It would have to be possible greater than 10# to run through it. If there would be equal pressure on both sides, it would not run through.

Q. Turn to the enlarged area. There does not seem to be any legend with respect to it. I notice you have on a good many of those lines what might be called an "arrow head".

A. Well, that was simply to set out some of the larger consumers.

Q. Large consumers?

A. Yes, sir.

Q. Take the Lion Oil Refining Company. It appears to be served off of Line HM-6.

A. Yes, sir.

Q. At what pressure is that service furnished to the Lion Oil Refining Company?

A. 36# maximum, 35# average, 33# minimum.

Q. Did you mean by your answer a while ago that all of these lines in this enlarged area would have to be filled to a pressure of 33# before the Lion Oil Refining Company's meter would register?

A. No, Mr. Lasley. The lines leading up to it would have to be at a greater pressure than that at which they were taking it off. For instance, if you reduced your back pressure your metering pressure would go down.

Q. All right. Before gas would register—the Lion Oil Refining Company—would all of these lines, except dead lines if they are in, in this area, have to be filled—I mean in the enlarged ElDorado District?

A. Some of them could be cut off.

Q. If they were cut off they would be dead lines. If they were not cut off and were attached to the main intake system?

[fol. 70] A. Yes, sir. They would all have to have gas in them in that case. When I said "cut off" I meant the valve cut off—the regulator on the line—to reduce it down to the low pressure take-off right at the main line.

Q. All those lines that are in use through which gas is flowing would have to be filled?

A. Yes, sir.

Q. Before gas would reach the Lion Oil Refining Company or any of the other customers served at some one of those lines in that area?

A. If they were all hooked together—yes.

Q. Now what you said with respect to that enlarged area there designated as the "Enlarged Section ElDorado District" would apply to all lines in use over the remainder of the system, wouldn't it?

A. Yes, sir. Unless it was cut off by the valve or actual physical——

Q. But if the line was in use and gas was flowing through it, it would have to be full to that pressure?

A. Yes, sir. It would have to be full—the pressure would vary.

Q. But it would have to be higher in the line than at the meter station or take-off point?

A. Yes, sir.

Q. Then before gas can be successfully withdrawn from this transmission system in Arkansas the entire transmission system has to be filled to the pressure at which the gas at any particular point may be taken off?

A. Yes, sir.

Q. Now, Mr. Flanders, generally these customers that you say are served through some one of the lines set out on this Enlarged Section ElDorado District—generally, at what pressure are they served? Do you have their names and the pressure for them? I don't care for it for each one of them, but generally, a figure at least that would cover all of that?

A. You mean the ones that we do not describe the route of the gas going to them?

[fol. 71] Q. Yes, sir. In that enlarged area.

Q. Anywhere from 8# to 50#.

Q. Is the same process for billing purposes used as you detailed this morning in connection with 8 ounces?

A. 8 ounce pressure, yes, sir.

Q. This pipe line system here would hold a tremendous amount of gas, wouldn't it?

A. Yes, sir. It would hold a lot of gas.

Q. Did you ever undertake to estimate what it might hold? If you haven't just say so.

A. I had a convers-tion with Mr. Hamilton about the amount of gas in the system in connection with working

capital or something, and I believe it was something around $25,000.00 worth of gas in the system.

Q. Now, we said very little a while ago about the service of the Arkansas Power & Light Company at Pine Bluff. Pine Bluff is served off of Line AM-19, isn't it?

A. Yes, sir.

Q. I believe you said it was served through a distribution system there?

A. The Arkansas Power & Light Company? Yes, sir.

Q. Mr. Flanders, looking to Line A North of Little Rock. That taps the gas field near Clarksville, Arkansas. Is that correct?

A. Yes, sir.

Q. Is this system so constructed that all of the customers we have been dealing with this morning, or to-day, might be served with gas from the Clarksville field?

A. They might get some gas, Mr. Lasley. I don't know how much they would get. That is only a 10# line and only has a certain capacity. I doubt whether you could get Clarksville gas very far down into Line A because it is my understanding that there is no direct tap or connection between A and B lines which run to Clarksville other than through the Little Rock high pressure distribution system so that the amount of pressure you would get would be of [fol. 72] metering pressure for the Little Rock distribution system, and of course, it would depend on the consumption how far down that would carry the gas in Line A.

Q. Now, getting back to your Exhibit treating distribution systems as one tap. Gas which reaches the main transmission lines is taken off through 383 taps. Is that correct as shown by page 2 of your Exhibit 4?

A. That is, off of the transmission line taps, Mr. Lasley.

Q. That is what I meant.

A. Including distributions, rural customers and industrial, and all; that includes one at Texarkana that should not be in there. It should be 382.

Q. 382?

A. Yes, sir.

Q. Then the volume of gas which crosses the Arkansas line for the purpose of filling this transmission system and serving the Arkansas customers, whether it crosses through either of the four lines you have been talking about, would be broken 382 times in the system, wouldn't it?

A. Was broken in that month that we have our information for—August 26 to September 25, 1935.

Mr. Arnold:

Q. In order to save a cross-examination—that includes the 100 not in use?

A. That includes the taps not assigned directly to any one customer but through which more than one consumer is served.

Chairman Lasley:

Q. Some question has arisen, Mr. Flanders, about taps not in use. Does your 382 include those?

A. It does not include all. We do not have all of the taps that were not used during this month.

Q. The account was kept open and that is how you happened to take it, was it?

A. Yes, sir.

Q. In other words, it had not been treated as a discontinued customer?

[fol. 73] A. That is right. We did not take the ones where the accounts were closed.

Q. And the 382 are the ones where the accounts were open and carried on the books of the Company as active connections—active accounts?

A. That is right.

Q. On these various lines through which you have been following gas to particular points, what is that representing, a tap?

A. Well, a lot of taps are not represented on here at all. We have shown the main lines and the sub lines, and sizes leading to various—you might say, well-known points. For instance, there is nothing shown on this map for the 186 rural, and domestic customer taps. They are not shown on this map but they are on the line somewhere. They are located in the details on pages 3 to 13 of Exhibit 4, showing the station number on the line that they are located on. This simply shows cities and towns served and some of the major industries served.

Q. A transmission system built as this one—as laid out on this map, what is the difference between it and the distribution system, except one is enlarged and on a much larger scale than the other?

A. Considered as a distribution system with a large number of customers, there is no primary difference. The gas in a large number of cases reaches the ultimate consumer right there off these lines. It might readily be called a distribution system.

Q. I believe you said the other day that all the gas that entered the State of Arkansas through either of these lines, perhaps with the exception of the possibility that gas might travel through AM-45 into Line C and be consumed in Texas or Louisiana, is consumed in Arkansas?

A. That is my understanding, yes, sir. And absolutely all gas that goes North of the Trees Compressor Station is consumed in Arkansas. There is no question about that.

Q. Then none of the facilities laid out on this map are used, especially those North of the Trees Station, for the purpose of transmitting gas through Arkansas into another or sister state?

A. Absolutely not.

[fol. 74] Commissioner Bond:

Q. When gas crosses the state line at either one of these points it is in response to system demand indicated by the fact that the pressure in the mains which serve the whole system has been depleted and the company has knowledge of that depletion by reason of the decreased pressure but it has no knowledge of the particular customers this gas which crosses the state line is intended to serve until the company has received meter readings?

A. That is correct.

Q. Then the gas could not cross the state line destined to any one customer or to any series of customers but really it crosses the state line for the purpose of replenishing their storage inside the state from which these customers are served?

A. That is right. There is one thing further I would like to say in connection with the routes which I gave for that gas on these various lines. I am not certain, for instance, that the gas could make some of those routings from Line H back over—in other words, I have not seen the field facilities—facilities in the field—so I could determine whether or not that gas could reach those points, and the answers that I gave were on the assumption that it could through those lines.

Chairman Lasley:

Q. In other words, some of the routes which you have indicated, you do not know whether it is possible to put the system supply of gas through those lines?

A. That is right. I think so far as the route of Line A is concerned it is possible.

Q. But it is possible for gas to enter the system in Arkansas through these routings you have indicated?

A. Yes, sir.

Commissioner Bond:

Q. But there is a supply of gas at all times ready and available for these customers' use at their meter, at any time they should choose to use it, and the company would not be aware of the fact that a sale had been made until several days later when they received the meter reading?

[fol. 75] A. That is right.

Q. The gas that replenishes that supply enters the lines and pushes the supply on up?

A. That is right.

Mr. Custer:

Q. Is it not true that there is a dispatcher who gets hourly pressure readings from the transmission mains at the various compressor stations and by this amnner the supply of gas is sent into the mains for Arkansas?

A. Yes, sir. He not only gets that, he uses weather reports also to determine that.

Commissioner Bond:

Q. But the gas that is sent in is in response to a decrease in the supply of gas which is stored in Arkansas by reason of the fact that they maintain a certain pressure on the pipe lines for the use of these customers?

A. It is sent in—the attempt is made to send it in just as fast as it is used.

Q. But their knowledge of the fact that their supply has decreased and is not all consumed by any one customer, or any series of customers——

A. Of course, they anticipate, especially on account of weather conditions—they have to anticipate, for instance, the supply sent across in Line A based on Little Rock, about

three or four hours prior to the actual time when the demand or pressure is liable to go too low, but they put it in as fast as it is being taken out if possible.

Q. But their estimate is just of the amount of gas they will need in Arkansas to be used by all their customers?

A. Yes, sir, without having to force their transmission lines up to dangerous pressures.

Chairman Lasley: We will take a ten minute recess.

[fol. 76] Cross-examination.

Mr. Arnold:

Q. There is one matter, for the purpose of the record, that I want to get cleared up. Mr. Flanders, in your testimony there was a reference to calculation of volume of gas that was delivered to certain people with whom the pipe line system had contracts at 8 ounces. Is that 8-ounce calculation of volume any indication as to what the actual pressure is when the gas leaves the pipe line or when the consumer receives it?

A. No, sir. That is a measurement specification.

Q. In your testimony you also used the word "broken" in connection with the gas flowing out of the transmission system. Was your meaning of the word "broken" confined to the fact that the gas flows from the mains of the Arkansas-Louisiana Gas Company through meters into consumers lines?

A. The amount of gas in the main is broken down and part of it goes to that consumer.

Q. That use of the word is purely figurative, isn't it?

A. You might say the volume is "removed" and taken to that customer.

Q. That meant the flow of the gas into the consumers' lines.

A. It is the volume of gas that has crossed the state line previously that is broken and goes through his meter.

Q. What you meant by the use of the word "broken" is merely that the gas flows out of the company's system?

A. The gas is divided—that is, part of it goes to the consumer.

Q. That is the sense in which you used the term "broken", then?

A. The sense in which I used the term was that a certain volume of gas is in the distribution system at any one time, and it has crossed the state line for use of the various consumers, and that volume is broken and, theoretically, a like volume then again crosses the state line to take its place.

Q. Now, in certain of your answers you made assumptions—for example, you assume in one place that if gas came across from Louisiana into Arkansas and over again into Texas and back into Arkansas near Texarkana, that gas would go up as far as Camden.

[fol. 77] A. No, I did not mean to say it would go as far as Camden; I might have made that assumption.

Q. You did not intend to testify to that as a fact of your own knowledge?

A. No, those were all assumptions.

Q. That also applies to some of the other assumptions?

A. Yes, sir—for instance, Line H.

Q. Your Exhibit No. 4, at page 2, shows a total of 383 taps off their transmission system in Arkansas.

A. There are only 382. The one for Texarkana is in Texas; it should not have been included in that total.

Q. Is that 382 the total of the taps on the entire transmission system in Arkansas?

A. Up to Little Rock, it is the total that we secured as what might be termed "current customers" for the month we took the record. Now, there are some assumptions in there, Mr. Arnold, such as, for instance, one on page 7, under Line H—we have listed there 10 taps. The station location is shown as "Mile post 1-17". We did not know definitely whether those consumers there were served from one tap or from ten individual taps. We listed them as ten individual taps, and went on the theory that the location not being shown in a foot station, such as 54 plus 60, indicated that they were simply customers read by a line walker in that vicinity. That might be one tap. That was based on the best information we could secure at Shreveport. I think they made a call to ElDorado on that. However, we have attempted throughout to show the individual taps.

Q. Of this 382, a total of 100 taps is shown on page 2 of Exhibit 4 as "Taps not assigned direct to consumer". Would you explain what those 100 are?

A. Yes, sir. They are simply the taps that serve more than one consumer.

Q. That is a number of them are tie-in taps?

A. Some of them might be, but in the majority of cases they are not. Well, there is one ti--in tap on page 3—A15A, that is a by-pass river crossing, and No. 14 is a tie-in tap. [fol. 78] In the majority of cases—for instance, there is a tap on the transmission line, say on AM-39, and that transmission line tap serves a number of customers there. It is taps of that nature I am talking about.

Q. Then, there is a tie-in tap where AM-45 comes into Line A?

A. Yes, sir.

Q. Is that tie-in tap there one of the 100—AM-45 into Line A?

A. AM-45 is one of those 100, yes.

Q. Then, where AM-45 connects with Line C is also one?

A. No. That is in Texas.

Q. There is one at Waldo, isn't there? Where Line AM-44 and Line AM-39 come together?

A. Yes, sir.

Q. Then, in Arkansas, wherever two of the pipe systems come together, or join, or go in different directions, they are what is called tie-in taps?

A. Yes. They are headed here on the sheets as "MLT"—Main Line Taps.

Q. All of those go to make up this 100?

A. Yes, sir.

Q. Which is a part of the 382?

A. Yes, sir.

Q. I believe you said there are 186 of these taps on which so-called "Rural Domestic" consumers are connected?

A. Yes.

Q. Then, this leaves 197 taps for distribution systems, industrial consumers, and taps that are not assigned direct to consumer?

A. Yes, sir. That is, those taps which are listed on page 2 of Exhibit 4 as "Taps not Assigned Direct to Consumer"? It leaves 196, excluding Texarkana.

Q. Now, Mr. Flanders, can you state of your own personal knowledge whether or not the gas which comes into Arkansas from Louisiana flows in a continuous stream at all times? [fol. 79] A. You mean a continuous stream on into Arkansas?

Q. Yes.

A. No, I couldn't state that. I don't know about the entire operation of the system. If I remember rightly, on my

last visit to the Trees Compressor Station, they were pumping at that time back through Line E to the ElDorado district. Whether any of that went into Louisiana, I don't know.

Chairman Lasley: You were talking about the "breaks" or taps—you meant the volume of gas which entered the State of Arkansas was divided and separated at each one of those taps, and some quantity of it taken off?

A. Yes.

Q. Whatever quantity crosses from Louisiana into Arkansas, some part of it is taken off at each one of these taps?

A. Yes, sir.

J. C. HAMILTON, a witness of lawful age, after first being duly sworn, testified as follows:

Direct examination.

Chairman Lasley:

Q. What official position do you hold with the respondent in this cause, Arkansas Louisiana Gas Company?

A. I am employed by the Arkansas Natural Gas Corporation as Valuation Rate Engineer. I am also Assistant Secretary of the Arkansas Louisiana Gas Company.

Q. Are you familiar with the operations of the pipe line distribution system in Arkansas?

A. The pipe line system has no distribution system in Arkansas; the pipe line only transmits gas to the town border stations of the distribution companies or plants. I am familiar with that.

Q. What is the distribution system?

A. It is a system for the distribution of gas to a group of customers located in one district which are comparatively speaking adjacent to each other. Normally, it is used only in connection with a plant that is installed to serve a group [fol. 80] of customers within the confines of a town, village or some geographical division of that nature.

Q. It would not necessarily have to be in an incorporated town?

A. No, sir.

Q. There could be a rural distribution system, couldn't there?

A. Yes, sir.

Q. Turn to the insert on the plat attached to Exhibit 4. This is noted as "Enlarged Section of ElDorado District". Does that reasonably show the layout of your lines in that territory?

A. No, sir. In this respect it does not: I presume, in fact, I am certain, that was taken by Mr. Flanders and his forces from what is known by our company as a "gate map", designed to show the approximate locations of the gates controlling the flow of gas in the pipe line system, and showing the connections between various lines into the town border measuring stations, measuring stations off of main line to large industrial customers, gates at strategic points on the pipe line designed to divert the flow of gas in case of trouble, gates at river crossings, etc., and such gate map is not drawn to scale; it does not show the relative lengths of lines, and does not show in a true manner the direction in which the lines run in relation to each other. You might say it is a diagramatical map.

Q. Have you any lines in there that are not shown?

A. I have not checked it close enough to know that. The gate map is probably several years old; it is entirely possible some of the lines have been taken up, but I do not know that.

Q. Are there any lines in there off of which some consumer is not served?

A. As I stated before, I have not checked it close enough to be certain of that. I expect there are, though.

Q. How far does the line set out on that enlarged section there differ from a distribution system constructed to serve the same customers?

[fol. 81] A. The lines in that area, as reflected in the so-called "enlarged section" of this map attached to Exhibit 4, cover a section which is between 20 and 25 miles long, North and South, and 15 to 20 miles wide, East and West, or a section embodying about 300 square miles.

Q. That would not keep it from being a distribution system, would it?

A. Yes, sir, in the sense in which we use the term "distribution system".

Q. You have lots of distribution systems in the United States that aren't that big.

A. Not that I have heard of.

Q. Then whether it is a distribution system depends upon the size.

A. If we had a saturated condition of customers, or enough in the section to where there would be approximately 100 feet of pipe average per customer, we would term that a distribution system.

Q. Then, you are going to distinguish between a distribution system and some other system based upon the number of customers?

A. Based upon the physical condition under which the system is operated. In the area in question, the towns of Louann, Smackover, Norphlet, El Dorado and Junction City are served by distribution plants which are owned by the Arkansas Louisiana Gas Company, but which are not included as a part of the transmission pipe line system of the Arkansas Louisiana Gas Company.

Q. Take that line—I believe it is HM-3—after that line crosses Line K, going in a Southwesterly direction, what is it built for?

A. I don't know what the line was originally built for; it is being used now to take gas out of Line K, connect into one or more of the town border measuring stations of El Dorado; serve the MacMillan Refining Company, Ouachita Refining Company, the Armstrong Gasoline Plant, and on out to the Lisbon Gasoline Plant, and it also feeds gas South down to Junction City.

Q. It has very high consumption off of it?

A. I would rather you would define your term "high consumption". That would be a relative term.

[fol. 82] Q. I mean by that when people purchase the gas from you and consume it at burner tips.

A. I would have to count the number of customers on that line before answering that. There are a number of pipe line customers served off of that line.

Q. Is that a part of your transmission system?

A. Those customers are served off of one of the transmission lines of the company. The Arkansas Louisiana Gas Company has connections off of its lines to each one of the customers we term main line customers and distribution plant customers, yes, sir.

Q. Take the Lion Oil & Refining Company—would you call that a main line customer?

A. Yes, sir.

Q. Why is it any more a main line customer than I am My gas comes from the main line and so does his.

A. By reason of the physical difference in the manne in which the customer is served. The Lion Oil is connecte to one of the main transmission pipe lines of the company whereas, if you are located in the City of Little Rock yo are connected to the distribution system of the Little Roc Gas & Fuel Company, which company purchases gas fro the Arkansas Louisiana Gas Company's main transmissio system at a town border measuring or metering station.

Q. All right—John Doe lives in Arkadelphia, and take gas off of your distribution system down there. What i the difference between him and the Lion Oil Company?

A. The same difference that there is in the service t you and the Lion Oil.

Q. You own the distribution system in Arkadelphia, don you?

A. The Arkansas Louisiana Gas Company does, yes.

Q. And you own the distribution systems that supply Lion Oil?

A. No, the company (Lion Oil) itself owns that. Yo must remember that some of these industrial consumer have large distribution systems of their own through whic they take the gas off of the main line pipe line system an distribute it to their battery.

[fol. 83] Q. If John Doe had a burner in his servant' house and in his hall and dining room, and five or six oth ers, he would have a distribution system, would he not?

A. He would take gas off of the local distribution plan

Q. That is what the Lion Oil Company is doing, isn't it

A. No, there is no intermediate system through which ga is delivered from the main pipe line.

Q. Suppose you had a lateral leading off from your mai line for a mile, with 50 customers on either side and all o them served off of that lateral. Would that be a pipe lin or a distribution system?

A. We do not have that condition.

Q. I am asking you now as an expert what you would ca it if such a condition existed.

A. I would not want to set up a condition of that kind

Q. I am trying to find out the difference between a dis tribution system such as the one surrounding the territor at El Dorado, and the one you mentioned.

A. You mean if a group of 50 customers within a mile area desired service, you want to know how we would serve them?

Q. No, I am telling you how you are going to serve them. You built a lateral a mile long and there are 50 customers on either side of the lateral, and that lateral is connected to your main pipe line; each one is served off of a separate tap. Would that lateral be a distribution system or a transmission system?

A. It would be a distribution system, because at the point at which it left the pipe line there would be a measuring station through which the gas was taken out, and on each one of the customers coming off on the mile extension there would be a separate meter set which would compose a distribution system. It would be no part of the pipe line system.

[fol. 84] Q. On Line HM-3, for every customer you have there, *you have a meter, haven't you? One or more meters?*

A. The customers on HM-3 have meters set at the main line or on stubs from the main line, but the difference between this system and the hypothetical case you set up for the extension a mile long is that HM-3 extends over a distance of about 11 or 12 miles, and there are approximately 15 or 20 large customers who take gas off of this system.

Q. The only difference, then, between HM-3 and the hypothetical line we have just discussed is that you stick another meter on the hypothetical line——

A. It is the difference in the physical set-up under which the two different systems are served. The one has a high density of meters; the other, a low; the one has a large group of small customers; the other, a small group of large customers.

Q. The physical condition under which those two groups would be served depends only upon the quantity of gas they take, then?

A. No, sir. The quantity of gas is a factor, of course, but the service requited for this group of large customers is completely and entirely different than for the small customers, in this way: The pipe line department makes a contract——

Q. We are talking about physical conditions, and not contracts.

A. To answer your question I will have to go into the nature of the business to indicate what I mean by the difference between the two classes of customers. At the time the contracts are made with the large customers off of HM-3, the quantity of gas required, the frequency of use, and other pertinent information of that nature are assembled and tabulated and turned over to the gas dispatcher, so that he can provide for the requirements of these customers in their daily, hourly and annual needs. For example, in the case of the Lisbon Gasoline Company, Lion Oil Company, or any of the other large customers on the Line—Root Refining Company, also—they may shut down part of [fol. 85] their plant and not require any gas. The following day, or a week later, or maybe six months later, they may notify us to re-connect that portion of the plant, under conditions that make it necessary for us to provide a much greater quantity of gas and to put such gas into the lines so that it may be transmitted for their use. That is not the condition under which the 50 small customers are served.

Q. That is a difference due wholly as to quantity?

A. No. If they only used the same quantity of gas every day in the year, that would be one condition; if they used 100,000 today and 1,000 MCF tomorrow, that would be different.

Q. If those 50 customers each used as much as those customers out here used, would it have to go through that dispatcher and all that?

A. If such a condition could be imagined, but I cannot imagine it; there might be some similarity. I can't imagine a condition of that kind, though.

Q. Did I understand you to make the distinction between a distribution system and a pipe line system as one wholly of quantity?

A. No, if you have gotten that from my testimony, you had better go back and start all over.

Q. Take this line HM-3. After it crosses KM-12 and on West of that tie-in—what is it built for? What is it used for?

A. I would not want to state what it was built for; I don't remember that, but it is used to serve the Lisbon Gasoline Plant, Magnolia Petroleum Company, Arkansas Fuel Oil Company, Anders Lease, and certain other customers West of that point.

Q. Isn't it used to distribute gas to them?

A. No, sir.

Q. You don't distribute any gas to those folks?

A. No.

Q. How do you get it to them?

A. We transmit it to them; we pipe it to them.

[fol. 86] Q. Doesn't a distribution system transmit gas?

A. Not in the sense the term is used in the gas business—nor more than does a freight train distribute packages to a group of customers.

Q. Well, take our freight train—it is just a question of what you are going to call it, whether "transmitting" or "distributing".

A. No, sir, this is not a local freight.

Q. It is certainly not a through freight.

A. Yes, sir, in the sense that it takes gas South to the Louisiana line.

Q. With the agency of the Little Rock distribution system you take gas South from the state line and distribute it to my burner here in Little Rock, don't you?

A. No, sir. The gas comes from the Louisiana state line originally, but in the sense of being transmitted, it is not.

Q. What does "transmit" mean?

A. The dictionary would probably give it as being from one point to another; in the case of the gas business the word "transmission" means the hauling of quantities of gas through pipe line systems between locations more or less widely separated.

Q. When you get as far as the distribution system in Little Rock, then, you call it a transmission system?

A. No, sir. It has the same inherent qualities that other distribution systems have—the distribution of gas in small quantities, etc.

Q. Any time you give gas to a consumer, that may be "transmitted" or "distributed" either—is that right?

A. You would have to illustrate the class of customer.

Q. I am talking about a customer that uses and burns gas.

A. There would be a difference according to the physical set-up of the delivery.

Q. Each customer is served off of a straight line, and the size of the line depends upon the quantity he uses—is that transmission or distribution?

A. You will have to set that up more specifically.

[fol. 87] Q. You have qualified as an expert on transmission and distribution, and I am asking you which it is. I said this: When gas reaches the burner tips of the consumer, is it transmitted or distributed?

A. If it is a domestic customer in a locality in which a distribution plant is set up, it will be distributed. If it is a customer directly connected to a transmission system or pipe line company, it will be a transmission delivery.

Q. Suppose the main in the distribution system uses ten times as much as the main off the pipe line?

A. In that case, it would probably mean there was an industrial customer in a distribution system.

Q. Mr. Hamilton, you can tell us the difference between transmission and distribution of gas, if you know.

A. I have already answered that question.

Q. I am talking about distribution systems for distributing gas——

A. When I make a definition of anything, I will have to set up the primary facts.

Q. Awhile ago you did not want me to set up a hypothetical fact.

A. In order to define the difference between distribution and transmission which was the question you asked, you will have to define the physical set-up of the plant used in distributing gas or in transmitting gas. A distribution system is a system of pipe lines, regulator stations, valves, meters, etc., set up to serve a more or less large number of customers in one locality in which the customer saturation is comparatively high. By "customer saturation" I mean the number of customers capable of being served off of one system that would average from 100 to 200 feet of pipe per customer. That is what is usually termed, in the gas business, as a "distribution system". A transmission system comprises a system of pipe lines, compressor stations, etc. which transmits gas over long distance to a number of large customers and to the town border measuring stations of distribution plants, where the customer saturation is usually very low, and where the main business for which [fol. 88] the system is used is in distributing large quantities of gas at whole sale.

Q. Are these rural domestic customers served off the pipe line transmission or distribution customers?

A. They are customers that belong to the distribution plant; the transmission line has nothing to do with the

service of this customer. It makes a tap on its line upon demand of the nearest distribution plant, on which tap the distribution division employees set a meter for the local customers, which meter is read either by the distribution plant employees or the pipe line walker; such customer is billed by the distribution plant; the bills are collected by the distribution employees, and the revenue credited to the distribution department. The gas entering into this tap is charged to the distribution plant nearest it.

Q. If that rural customer demanded larger facilities and used a larger quantity of gas, you would change your system of dealing with him, and change him over to interstate when before he was intra-state?

A. It would depend upon the physical conditions.

Q. Take the Arkansas Power & Light Company. How do you get that as a transmission customer?

A. In 1929—I believe it was in May—at a time when the Arkansas Gas Corporation did not own the distribution plant at Little Rock, a contract was made with one of the affiliated companies of the Electric Bond and Share group, which group controls the Arkansas Power & Light Company, for the purchase of a large quantity of gas in the Monroe and Ruston field, and for the purchase of a pipe line as far North as Camden, and for the purchase of the ElDorado distribution plant and certain other property. In this transaction a contract was made to deliver a certain quantity of gas to the Arkansas Power & Light Company at Little Rock and Pine Bluff, for use in their power plants at those points during the summer season—what is termed "dump-load" contract. In this contract the Arkansas Power & Light Company undertook to have a line constructed from its plant to the town border station of the [fol. 89] Little Rock Gas & Fuel Company or to some point on the lines of what is now the transmission system of Arkansas Louisiana Gas Company, for the transmission of gas they purchased under this contract into their plant. In lieu of building this line, however, a contract was made with the local distribution plant for the transmission of this gas from the town border station into the plant of the Arkansas Power & Light Company, and that is the same condition under which the company is being served today.

Q. Then, it is served off of a distribution system?

A. The gas is hauled by the distribution system, through its high pressure mains from the town border measuring

station of the Little Rock Gas & Fuel Company to the plant in Little Rock down near the City Hall.

Q. So far as the physical conditions and the appliances through which it is served are concerned, there is no difference between it and any other industrial customer of the Little Rock Gas & Fuel?

A. I doubt seriously if there is any other customer in the Little Rock territory that requires the "peak" quantity.

Q. Then, the question of whether it is a transmission customer or a distribution customer depends entirely on the mental attitude with which your company approaches the question?

A. No, I don't think that is true. The contract for this service was made with a view to transmitting the gas direct to the customers plant in Little Rock and Pine Bluff. Certainly the contract as originally made was a transmission contract; I think it still is. I don't see any difference in the physical set-up of the delivery.

Q. That gets back to the question: Wherein is the Arkansas Power & Light Company, from the standpoint of its physical arrangement, any different from any other customer taking the same quantity of gas?

A. As stated before, I don't know of any other distribution customer in the city that is taking like quantities of gas under the same conditions. Assuming that there is another, I don't see why the same set-up could not be made.

[fol. 90] Q. Then, the only thing that makes the Arkansas Power & Light Company a transmission system customer is the contract entered into back yonder several years ago?

A. Not that wholly, but I think that has something to do with it. I think the intention of the two companies at the time the contract was entered into and provisions made for delivery would have some bearing on the question; in addition, the physical facts of the delivery would influence it.

Q. What would you advise your company, if there was another customer taking the same quantity of gas that Arkansas Power & Light Company does through the distribution system of the Little Rock Gas & Fuel Company, with which you did not make a contract? Would you call that a distribution customer or a transmission customer?

A. We would not make a similar contract with any other customer. The terms under which we made that contract were unusual.

Q. I am trying to get you to draw a distinction between the two customers.

A. I have answered these questions to the best of my ability, and I don't think you should attempt to force me to answer the question like you want it answered.

Q. Here was my question: Suppose there was another industrial customer in Little Rock taking gas off of the Little Rock Gas & Fuel Company's distribution system, in the same quantity and manner as the Arkansas Power & Light, with the exception that you did not have a contract of purchase and sale way back yonder—would you call that a transmission customer or a distribution customer?

A. We would not make a similar contract with any customer; I can't imagine a condition that would require that.

Q. Then the question of whether the Arkansas Power & Light Company is a distribution or transmission customer is wholly governed by that contract of purchase and sale entered into six or seven years ago?

[fol. 91] A. I don't think wholly; I think the conditions under which the contract was made, and the price that was charged for the gas, and the condition of delivery have a considerable bearing upon the classification of the customer.

Q. Will you secure a copy of that contract and introduce it into the record, which seems to change the Arkansas Power & Light Company from a transmission customer to a distribution customer?

A. Personally, I can see no reason why it should be introduced.

Q. You will agree that if that contract changes the classification of the customer it becomes pertinent, won't you?

A. Pertinent to what?

Q. To this inquiry. At Pine Bluff, you have quite a few customers who are off of your transmission system.

A. That is in the nature of a standby down there; they only run that plant at intervals.

Q. The quantity is not what changes it?

A. No, it has very little bearing on the classification of the customer.

Q. Then it is wholly that contract?

A. In the case of Pine Bluff, it would be more likely the contract than in the case of Little Rock.

Q. How many of the customers do you get minimum bills out of?

A. All we can.

Q. It is your policy and practice to do that?

A. Wherever we can get the customer to obligate himself for a stated amount of gas for which we can anticipate purchase in advance, we get them to obligate themselves by contract.

Q. You require them to pay a minimum amount whether they take any gas or not, if you can get them to?

A. Nearly all of our customers have some minimum requirement.

Q. What is that for?

A. Well, practically—let's put it this way: The sale of industrial gas is governed largely by competitive fuel conditions, and by the worth of the product to the customer. [fol. 92] Where we make the price low enough for him to use large quantities, as an off-setting feature to such price concession, we usually require him to guarantee to take and pay for a certain minimum quantity of gas, or to pay a certain minimum amount. That is designed to reimburse the company for its readiness to serve; for its customer expense in billing, metering, etc.

Q. That is in effect what you might call a rental on facilities located in Arkansas, wholly?

A. No, sir, not by any means. All the accounting work for that customer is not done in the State of Arkansas. Also, all production facilities at the present time for customers South of Little Rock are located without the state. Also, we have large purchase obligations. If we cannot get all the customers to guarantee to take and pay for a certain minimum quantity of gas, provision could not be made for repayment to us of the expense incurred under these minimum contracts.

Q. You would not charge a man a minimum bill whether he used any gas or not, if you were not connected with him?

A. That connection to the transmission system automatically provides for service.

Q. You would not charge a minimum amount if he was not connected with it?

A. No, of course not.

Q. If the customer is in Arkansas, the facilities connecting him with your main transmission line are located in Arkansas?

A. Yes, sir.

Q. And you are charging him in some form for placing

those facilities between his plant and your main transmission line?

A. The minute he is connected with this transmission system through this tap line, the system service becomes available to him. Of course, a portion of that service is located in Arkansas; also, a large portion is located outside the state.

Q. You exhibited a contract during the lunch hour, in [fol. 93] which it was recited that in order to build from the main line over to this customers premises you had to spend $5,000, and the quantity consumed by this customer and paid for had some relation to the $5,000 expenditure. That expenditure was wholly in Arkansas, wasn't it?

A. We have that condition quite often. The service of the customers requires extensions in the way of taps, and before obligating ourselves, we require a guaranteed minimum consumption. In that case, that would be part of the remuneration for that service.

Q. Mr. Hamilton, any quantity of gas which you transmit across the state line is broken several times before it gets to any of these industrial customers, isn't it?

A. No, I don't think that describes the process under which we deliver gas in Arkansas. We purchase and produce quantities of gas in Louisiana and transmit it across the state line for service of certain specific customers. Included in those customers are the distribution plants. I don't see any breaking the package or any occurrence of that kind that might be applied. The gas is put through these compressor stations, pushed into the line crossing the state line in a continuous stream, which terminates at these outlets or taps off of the main line system. I can't see any breaking of the package operation in that.

Q. I had not used the expression "breaking of the package" in my question, but that is all right.

A commodity is either transmitted in quantities or in packages, is it not?

A. It is always transmitted in some quantity, yes, sir.

Q. The quantity that is transmitted across the state line is broken up, isn't it?

A. I object to the term "broken up". Let's put it this way: A portion of the quantity is "diverted" at each tap.

Q. The quantity, then, that is transmitted across the state line comes to the first tap and is diverted and withdrawn from the remainder?

A. At the first tap across the state line a portion is drawn off and delivered.

[fol. 94] Q. And you go farther up the line and another quantity or portion is diverted?

A. That is true.

Q. And your gas that crosses the state line is diverted at some more than 200 points?

A. In the transmission system, beginning at the Arkansas-Louisiana state line and extending to the delivery points to the customers in Arkansas, comprising about 1,000 miles of pipe, there is a large quantity of gas which is taken across the state line and at various points diverted into the taps serving these various customers. That gas starts, of course, at the purchase and production points in Louisiana and travels in a continuous stream to each one of the customers; also, the requirements of the customers are estimated, usually, 24 hours in advance, sometimes a year in advance, and the customer is served by transmitting the gas to him from the fields.

Q. Is the customer's use the main question, or is it the system's use? Isn't it sent across the state line to supply the systems?

A. Without the question of a doubt. All of the large customers, including the distribution plants, are individually supplied, in that very careful estimates are made in advance and such gas is provided for their use. It is necessary to make these estimates and anticipate the needs of the customers so that we can purchase or produce sufficient gas for their needs, and so that we can have lines of sufficient capacity, meters and regulators, employees, etc. The gas is not dumped into one container and drawn out at random.

Commissioner Bond:

Q. That same estimate would be necessary in selling any commodity in the state, would it not? They would have to estimate the needs of the community or trade territory in their purchases and storing?

A. I should think any large distributor of any product would have to anticipate in advance the needs of his customers.

Q. But that would not mean that the goods shipped in were for the use of any one of those customers?

[fol. 95] A. That is absolutely true. That is exactly the way we handle the distribution plant. The distribution plant is a unit; it estimates its needs for gas for the year or the 24-hour period; notifies the compressor dispatcher, and the dispatcher ships it to him. It is necessary, due to the distances, for the dispatcher to anticipate such need by at least 24 hours. In Little Rock, for example, it takes from 6 to 8 hours to transmit gas.

Chairman Lasley:

Q. Then you have in your system all the time, in Arkansas, 6 or 8 hours' use?

A. Mr. Flanders quoted me in his testimony as to the quantity of gas stored in the system. As I understand, he has multiplied the amount of money by ten. There could not be more than fifty million cubic feet in the entire system, and at 5¢ a thousand, that would only be $2,500. In no case is that gas stagnant or lying still at any meter; it is continually traveling. Through the transmission system the gas is never still.

Q. It will stop in a distribution system, will it not?

A. It might where nobody is using it.

Q. If all of the customers out there in the territory West on Lline HM-3 quit taking gas, would it stop moving?

A. We would take up the line if they all quit.

Q. Mr. Hamilton, does your Company furnish any consumers of gas at what might be called industrial rates that are not set out on Exhibit 3?

A. The customers listed on Exhibit 3 are customers served off of the transmission lines of the Arkansas Louisiana Gas Company during the month of October, 1935. These customers change, of course, from one month to another and it may be that some of the customers now on this list are not now being served and that others are now being served that are not on that list?

Mr. Custer:

Q. In other words, Mr. Hamilton, that is a complete list of all of the consumers that were on your line during the month of October—industrial consumers?

A. Yes, sir. Mr. Cearley came to me and asked for a list of the customers—names—with their consumption and the amount of their bills for the last month and we showed

[fol. 96] him the billing records and if I remember right we sat across the desk and Mr. Cearley listed them as we called them off of the billing records. Of course, if there was some customer who was connected with the line who did not use gas that month, he probably would not show up on the record. It is difficult to say what this contained other than these general facts. However, we will be glad to furnish a list which we can certify to be correct for any given period of time.

Chairman Lasley:

Q. Very well, Mr. Hamilton. Will you furnish a list of the industrial consumers with which you have contracts, which might be treated as current contracts, whether they have taken gas within the last six months or not? You have contracts with all industrial customers, do you not?

A. Yes, sir. Every one of them. Another thing, while we are on this exhibit 3 it will be noticed that—may I make this comment—that there are two bills shown for the Dixie Bauxite Company, Arkansas Portland Cement Company and the Acme Brick Company. This is caused by a request by the customer that they be rendered bills by calendar month rather than by fiscal month, like the pipe line company operates its business. It does not indicate there, one way or the other, the presence of more than one meter.

Q. Any industrial customer which you may be serving but with whom you have a contract whose name may be on this list in Exhibit 3 is served in the same manner and with practically the same physical facilities, depending upon his location, whether in the ElDorado area or along pipe Line A as the respective customers dealt with yesterday? Is that true?

A. Yes, if you are referring to customers served off of the transmission pipe lines of the Arkansas-Louisiana Gas Company, which I am sure you are.

Q. Yes, sir. I am not referring now to industrial customers served through your transmission—several transmission and distribution systems in cities.

A. Then the answer is yes, that is true.

Q. Now, the gas which you sell and deliver the Arkansas Western Gas Company, does any of that gas come from Louisiana?

A. None of the gas sold to customers North of Little [fol. 97] Rock comes from outside of the state, nor does gas produced in the—say in the Clarksville field in Johnson County, Arkansas flow South of Little Rock. In other words, all the gas produced in that field is sold between the Clarksville field and the town border of Little Rock. It does not come any further.

Q. You deliver then to the Arkansas Western North of Little Rock?

A. Yes, sir.

Q. Then with respect to the gas delivered to the Arkansas Western, there is no element of interstate commerce in that?

A. No, sir. That is, insofar as the physical delivery of the gas and the operation of that portion of the pipe line is concerned.

Q. Could interstate commerce enter into it in any other way?

A. I don't see why. What I am getting at is that these contracts were made outside the state.

Q. Take the Arkansas Western and Tooke & Reynolds—all of the gas that you deliver them is produced in Arkansas wholly and transported in Arkansas and never at any time crosses the Arkansas state line anywhere?

A. That is true.

Q. Mr. Hamilton, are you familiar with the industrial development of the territory in and around and adjacent to ElDorado?

A. Yes, sir. I will qualify that answer a little bit. I am familiar with it—not with the exact location of the customers, etc., but from an overall situation I am, yes.

Q. Following the late oil development around ElDorado there were a great many industries came in there and located in and around ElDorado. Is that correct?

A. Yes, sir.

Q. Perhaps more than half, or at least half, of your industrial customers contained in this Exhibit 3 are located in that immediate territory, are they not; that is, the territory around and adjacent to ElDorado?

A. Treating the two bills shown for the Dixie Bauxite and other companies on the list where the name shows up more than once as one customer, there are a total of 36 customers on the list, 3 of these customers are in the Camden area and

[fol. 98] 14 of the customers are in the ElDorado area—when I say ElDorado area I am talking about ElDorado, Smackover and Norphlet.

Q. When you say the ElDorado area you mean in that area shown on the map attached to Exhibit 4 which is designated as "Enlarged Section ElDorado District"?

A. That is right.

Q. Fifteen are in that area?

A. Fourteen in the ElDorado, 3 in Camden area and 36 altogether.

Q. Now, of that 14 customers, what percentage of them are in that territory lying South of ElDorado—you might say, are connected with Line HM-3?

A. Your questions says South of ElDorado?

A. Well, if you want to say South, Southeast, Southwest and West. That seems to be the way the line runs.

A. HM-3 does not go clear on out to the Lisbon Gasoline plant. It stops in there and HM-5 picks it up.

Q. Say HM-3 and HM-5.

A. All right. On Lines HM-3 and HM-5 and on the line going South which connects with that line, the line going South down to Junction City, there are four customers that are on this list that were at that time on this line. Now since that time there are one or two more customers who have come on the lines again who have been included on the new list. If you desire, when I prepare the new list I can separate the connections on that portion of the system for you.

Q. Very well, in making up your list, especially of those located in the ElDorado area, just show the line that they are connected to, will you?

A. All right, sir.

Q. There appears from this plat, Mr. Hamilton, to be a considerable network of lines, many more than you seem to have anywhere else, and it further appears that you only have about four municipalities, or five including Junction City, where you have what is known as city distribution systems. What was the cause of building those lines?

[fol. 99] A. Originally the local company by the name of the Natural Gas & Fuel Corporation built lines to serve all customers in the Smackover and ElDorado fields. When I say "built" lines, they built transmission lines from the wells and then built distribution lines around from the field to serve the customers in those areas. In 1928 and 1929 the predecessor company of the present Arkansas-Louisiana

Gas Company purchased this system, discarded the distribution lines and retained the transmission lines to the large customers and to the distribution plants in this area. By reason of the highly concentrated business in this particular area there are somewhat more large industrials here than there are on the rest of the system.

Q. The discarded lines are not shown on this plat, are they?

A. They have been taken up.

Q. The discarded lines are not shown on this plat, are they?

A. They have been taken up.

Q. The discarded lines are not shown on this plat, are they?

A. No, sir. They have been taken up.

Q. Then after the predecessor company purchased it, it went in and took up the lines that were no longer needed or useful?

A. Well, practically that. Of course, there were lines originally constructed in the field when it was in a highly active state of development that were not later needed, but the policy, you might say, was changed. The companies who buy gas from the pipe line company in this area built their own lines to the pipe line system and the pipe line division gives them connection off of some portion of the transmission system, and then they take the gas and distribute it to the lessees, and the lessees' employees.

Q. Mr. Hamilton, what is your idea that prompted the construction—that would prompt the construction of HM-3 and HM-5 shown on this plat?

A. Originally that line extended on up into the Camden area and served Camden and those customers around Camden. That was in the early days of the field but when the——

Q. Just a minute—you mean HM-3?

[fol. 100] A. Yes, sir, and one on the North. But when the line up to Camden that now serves them was purchased from the Industrial Gas Company, this other line was taken up to that point. Of course, another bunch of customers—I say another bunch—two or three more on that line did not show up on the list due to the fact that it is company operations. Right on the end of that line HM-5 is the Lisbon Gasoline plant to which a large amount of gas is delivered.

Q. For what purpose?

A. Those natural gasoline plants have a large network of lines to the individual lessees through which they pick up gas—the wet gas produced by the oil wells bring such gas into the plant, process it, thus taking the gasoline out of it, and then deliver dry gas through another network of lines back to the leases for the purpose of operating the leases. As the gas goes down and diminishes in the oil wells and becomes wetter there is not sufficient gas to operate the leases from the residue left at the plant. Therefore, the gas company sells these gasoline plants large amounts of dry gas which they deliver back to the lessees through these distribution systems to supply the demand for fuel.

Q. Is the Lisbon Gasoline Plant operating now?

A. I do not know whether that is operating now or not. It is -hown on the end of that system. I may be mistaken about it being operated.

Q. When it is operated since the ElDorado field has gone down as it has, where do you get the gas from that you deliver to it?

A. It brings it in from Louisiana.

Q. It is treated there at that plant?

A. Not the gas we bring in, no. That is dry gas that we deliver to the gasoline plant, which in turn distributes it to the leases to operate the gas engines used in pumping the wells.

Q. At the time you mentioned HM-3 having been taken up on to Camden, why wasn't it taken up as shown on this plat?

A. You mean why wasn't the rest of it taken up?

Q. Yes, sir.

[fol. 101] A. Because we had customers on that portion of it to whom we were delivering gas.

Q. That is the reason it wasn't taken up—because you were serving customers off of it?

A. Yes, sir.

Q. That line is no part of your transmission system into other territory, is it, that is, serving the territory North of there around Louann, Camden and Hope and other places like that?

A. I won't say that the map is correct. Gas is put into—delivered into Line HM-3 and it is transmitted through HM-3 into the City of ElDorado—a portion of it—and South through another line into Junction City, then it goes on through HM-3 and into HM-5 and serves these customers on HM-5.

Q. Where or not, Mr. Hamilton, it is primarily for the purpose of serving customers——

A. HM-5 is primarily to serve these industrial consumers who are on HM-5. HM-3 is primarily for the service in and around the town of ElDorado there, and to deliver gas South to Junction City. I don't believe you can separate that out quite that simply.

Q. With the exception of the gas that goes to Junction City, all the gas goes through that line is consumed in that immediate territory, isn't it?

A. Well, by immediate territory in and around the town border of ElDorado, a large portion of it is delivered in ElDorado.

Q. But that is merely incidental?

A. No.

Q. Would HM-3 have been built in order to have furnished another line to ElDorado?

A. I don't think there is any doubt but what HM-3, if we did not have it, if suddenly it would disappear, and we put in another line to replace it—yes.

Q. Suppose you had no industrial customers on it, would you have built it in order to furnish ElDorado just another source of supply?

[fol. 102] A. It was the main source of supply for the City of ElDorado until right recently due to the fact that the gas was originally brought into the ElDorado field from Louisiana through the leased Crusader Line and put into HM-3 at a connection in Section 30, and thence into ElDorado. At one time that was the only connection we had with the Louisiana fields for service to the City of ElDorado. At the present time we have another connection through Line K with this Line HM-3 to put additional gas into the City of ElDorado. We now have a connection with Line K on the North of ElDorado which puts gas into the city at two or more points, also, in addition to that put through Line HM-3.

Q. Mr. Hamilton, would your Company maintain this vast network of lines around ElDorado except for the purpose of serving the industrial customers in that area?

A. It is possible that some portion of the lines up in the Northern portion of this district would be dispensed with if we were not serving the large industrial customers in that district, but it is necessary to have transmission lines for the service of the distribution plants in that district for

which we would have to leave the majority of the transmission lines in.

Mr. Flanders:

Q. If you had not acquired these lines by purchase, Mr. Hamilton, you would have built the distribution system in ElDorado so as to serve from one city gate station, as the majority of your city distribution systems are built?

A. No, sir. We try to have as many town border stations to a town the size of ElDorado as possible in order to facilitate the movement of gas around over the city. Shreveport, for example, has five or six, or more, I have forgotten, but more than one town border station through which gas is delivered.

The City of Little Rock has two, Pine Bluff has two, and a large number of our towns have more than one.

Q. How many do you have at ElDorado?

A. I don't know whether I can count them on this map or not. I don't remember exactly. I can't count them from here. By the way, Little Rock has three in place of two.

[fol. 103] Q. ElDorado has four, does it not, Mr. Hamilton?

A. Your report may show it, I don't remember ever having looked up that information myself.

Q. You have a combination high and low distribution system in ElDorado?

A. Yes, sir. The down town section, as I remember it, is low pressure and the out-lying section medium pressure.

Q. What I referred to—do you have any portion of the system at the same pressure as the metering pressure at the gate station?

A. It is put into the medium pressure system at the metering pressure at the gate station and is distributed at that pressure but lots of it, of course, as it reaches the outlying portion of the plant the pressure will go down.

Chairman Lasley:

Q. Mr. Hamilton, do you want this Commission to understand that the principal purpose of constructing this mass or network of lines around ElDorado was for the purpose of supplying gas to the distribution system at ElDorado?

A. In the first place, I don't want to be tied up—tied to the term "mass" or "network" of lines. That is a relative

term. As I testified yesterday, there is about 300 square miles in this area and considering the size of the area I do not believe you can say there is a mass or network of lines. However, as I testified a few minutes ago, a large portion of those lines are necessary for the service of those distribution plants at the present time. What they were constructed for originally I would not be able to say. I was not with the company that constructed that system of lines. I only know what it serves under the present conditions.

Q. If there had have been no service in that territory except to the town distribution systems shown therein, would your company have maintained that network of lines?

A. A portion of such so called network of lines would undoubtedly not be in there if the market of gas was confined only to those four small distribution plants—I believe it was four—three small distribution plants North of ElDorado.

[fol. 104] Mr. Arnold: I want to make an objection when he gets through.

A. —South of the Norphlet plant, however, I doubt seriously if any of those lines could be dispensed with due to the heavy demand for service that the Company has in the distribution plant at ElDorado, with the possible exception of Line HM-5 and possibly one or two of the other smaller lines. That is assuming a hypothetical case, however, of there being no industrial consumers in that district.

Mr. Arnold: I want to make an objection before the next question. I want to object to the form of that question because there is no evidence of any network of lines so far as the transmission department is concerned. The phrase "network of lines" is applicable only to the distribution plant within the City. That is the objection.

Chairman Lasley: The plat speaks for itself, and whether it is a network or not, in looking at the map it is purely a question of judgment and judgment does not change the physical conditions as reflected by the plat.

Mr. Arnold: That is correct. We agree to that.

Chairman Lasley:

Q. Mr. Hamilton, in that territory around ElDorado, do you have more lines than you have around all the other cities in which your system serves?

A. Do you mean in this 300 square mile area that is mapped in this enlarged section on the map included in Exhibit 4? Is that what you mean by ElDorado area?

Q. Yes, sir.

A. The question is if we have more mileage of pipe——

Q. Yes, sir. In that territory around these four or five distribution systems than you have around all the rest of the distribution systems that you serve in the State of Arkansas.

[fol. 105] A. I haven't the facilities here to check that correctly. There is approximately one thousand miles of pipe in the State of Arkansas, and I would have to measure or accumulate the pipe in that section to be able to answer that.

Q. When you say a thousand miles of pipe in Arkansas you mean your transmission mains?

A. Yes, sir. That is an approximate figure, too, I don't want to be tied with that.

Q. My question was if you had here in this area around and adjacent to these five towns, more lines to serve them off of your main transmission line than you have off of your main transmission line to serve all the rest of the transmission lines in your system?

A. I can't answer that, Mr. Lasley. That covers too much territory. I would have to guess at it and I am not able to guess.

Q. From the plat it appears that that is true.

A. As I stated before, that plat is hay-wire—cockeyed. That does not give a true picture of it.

Q. All right. If you have a plat anywhere that will give you a true picture, look at it and answer the question.

A. I haven't a plat here that I can offer in evidence. I did not anticipate this line of questioning. I merely picked up a map for general information that was in my files made at least two or three years ago of this area. If the Commission desires, we can submit a plat showing the conditions of the lines at the present time, with a statement of the miles of pipe in this particular area, compared to the miles of pipe in the rest of the state.

Q. No, you misunderstand me. I am talking about where your pipe line is tapped and from your pipe line tap to your city distribution system.

A. May be I don't see what you are trying to get at. Is it that we have more industrial customers, hence more miles of pipe to serve them in this 300 square mile area, than we

have in any area of a similar size in the state, is that what you mean?

[fol. 106] Q. Answer that and then we will take another shot at it.

A. That is true due to the fact that there are more large customers in this area than there are in similar areas—that is, areas of similar size on other parts of the system. We have more miles of transmission mains to serve them.

Q. You said awhile ago, Mr. Hamilton, that if there were no industrial customers in this territory adjacent to ElDorado, that in order to give adequate service to ElDorado it would be necessary to maintain every line down there except HM-5, was that your statement?

A. Not exactly, no, sir. I stated that the lines immediately adjacent to the city of ElDorado so far as I could see, necessary for the service of ElDorado, service of the distribution plant at the town border, for the delivery of gas to the distribution plant at ElDorado and that the absence of industrial customers would probably have little effect on the number of lines built into the city.

However, I still want to qualify that some. The fact that these industrial customers such as Root Refining Company, Lion Oil Refining Company and others that are located adjacent to the city, it puts a demand on the pipe line—transmission system—that might have some effect on the number and size of the lines built into the area in case these customers were not there, but that is a hypothetical situation that does not exist.

Q. You said a minute ago then that in order to serve ElDorado these lines around it would be maintained if there were no industrial customers in that area. Do you have such a system to serve any other municipality or distribution system in the State of Arkansas?

A. There is one situation that I probably haven't made quite clear; the Barton Compressor Station is located just North of the City of ElDorado. These transmission lines come up from Louisiana and in addition to serving the City of ElDorado, the large industrial customers close to it are connected into the Barton Station and during the period of peak consumption gas is transmitted to these lines into the Barton Compressor Station and is pumped North into other parts of the system. Of course, that fact also accounts for the concentration of lines in that immediate area.

[fol. 107] Q. You do not have such a concentration of lines at the Trees Station, do you. And that is a larger and more important station than the Barton Station.

A. Of course, in the Trees Station we have a line coming in from the ElDorado District which comes up from Louisiana Line E. We have main Line A coming up from Louisiana and we have a line—AM-46, coming West out of there. We have Line A coming North—in fact, there are four big lines that hook into the Trees Station. It would be difficult to make a comparison between the two stations because the operating conditions are entirely dissimilar.

Q. In this area you have some eighty or ninety separate numbered lines, do you not?

A. I don't think the number would have much bearing on the situation because the numbering system that the engineering department used does not necessarily have any relation to separate lines. It merely numbers each physical division. If the line has a connection on it going in a different direction it is usually given a separate number by the engineering department. There are a number of different lines in this area, undoubtedly. I haven't counted them to see how many different ones there are. I would not know how you would designate the separate lines other than the lines that go clear through the district.

Q. You spoke of your lines coming from Louisiana that brought your gas to the Barton Compressor Station. That is, Lines H and K. That is just two?

A. I am not certain that H has a direct connection into the Barton Station. It can be diverted out of Line H so that it would connect into the Barton Station, I presume, but I do not know the exact physical hook-up there that exists.

Q. But Line K connects directly to the Barton Station?

A. Yes, sir.

Q. And Line E connects directly to the Barton Station, doesn't it?

A. Yes, sir. Or rather you say connects directly—it is capable of being connected, it isn't always. Around these stations there is a series of lines and by-passes that can be diverted when necessary.

Q. Within the territory—well say—of five miles of ElDorado, have you another distribution system on your lines?

[fol. 108] A. Within five miles of the City of ElDorado?

Q. No, just wait until I get through.

A. I beg your pardon.

Q. Within an area of five miles of ElDorado you have a certain number of lines. Do you have that number of lines around any other distribution system that you serve in Arkansas?

A. I doubt whether we have that much pipe around any distribution system in Arkansas. We have a somewhat similar situation in the City of Little Rock, in that we have a belt line that runs around a portion of the city. I do not know how many miles are in that line, but a considerable number. In the City of Shreveport, Louisiana I expect we have half again as much pipe engaged in delivering gas into the city as we have in the ElDorado situation.

Q. Shreveport is probably five times as large as ElDorado, isn't it?

A. It is considerably larger. I have forgotten ElDorado's population.

Q. I think that is all. Mr. Flanders, do you have any questions?

Mr. Flanders:

A. Yes, sir.

Chairman Lasley: We will take a five minutes recess.

Q. All right, gentlemen. Mr. Hamilton, the other day—the day of our first hearing, you mentioned the fact that you had filed certain schedules in response to General Order No. 13 covering rates to petroleum producers in Union and Ouachita Counties. That is correct, isn't it?

A. Yes, sir.

Q. You said the other day that they were served off of the distribution system.

A. Not intentionally I didn't, no. They are served by the closest distribution property. The petroleum producer in some cases goes into the nearest distribution plant and makes application for service and contracts are executed. The distribution employees of the distribution department request a tap to be made off of the transmission lines of the [fol. 109] pipe line division. If a tap can be made at that location the transmission department makes the tap, after which the distribution department sets a meter of the customer on that tap and service is begun. The revenue from that customer covering it belongs to the distribution de-

partment and the distribution department renders service to the customer. The gas delivered into that tap is charged by the pipe line system against the distribution department as part of the town border delivery of the nearest distribution plant but in the case of the Smackover, El Dorado field, those customers are assembled or consolidated and classed as field distribution customers.

Q. Except as to quantity and the facilities to take care of the quantity they are served in the same manner that Lion Oil Refining Company is served, except in the instance of the latter company the pipe line employees look after it and in the case of the petroleum producer another set of employees of the same company look after it. Is that correct?

A. Not exactly. These are not always petroleum producers—there are a large number of—I say a large number —quite a number scattered around through those fields——

Q. We are now talking about that schedule which you filed which is applicable to petroleum producers in Union and Ouachita Counties.

A. They are somewhat similar in that the pipe line company makes a tap off of their lines and delivers gas to the distribution company, which the distribution company bills to the customers. In the case of the Lion Oil, the pipe line delivers gas to the Lion Oil Company and owns the metering station, regulating stations, and bills and handles the service.

Q. The Arkansas Louisiana Gas Company owns the regulating station and the metering station that serves the petroleum producer?

A. The corporation does that and the distribution department handles the transaction. That was true prior to the time the Arkansas Louisiana Gas Company purchased the property of the Public Utilities Corporation of Ar- [fol. 110] kansas, which was at that time the distribution company in the El Dorado-Norphlet-Smackover District.

Q. The Arkansas-Louisiana Gas Company owns distribution systems in all of the towns shown on this plat, a part of Exhibit 4, with the exception of Camden, Hot Springs, Little Rock and Clarksville, doesn't it?

A. Assuming that only such towns as are served with gas from the lines of the Arkansas-Louisiana Gas Company, that is true.

Q. With the exception of the towns mentioned, your pipe lines do not serve any other towns, do they, in Arkansas?

A. No, sir. Wait a minute. I don't believe that question is clear.

Q. With the exception of the towns mentioned, you serve no towns off of your pipe lines where the company does not own the distribution system.

A. That is true.

Q. You mentioned a while ago, Mr. Hamilton, that at Pine Bluff you had two gate ways there for gas. Are they both from your own company's lines?

A. No, sir.

Q. One of them is just merely a standby, isn't it?

A. Well, we have a connection with the Mississippi River Fuel Company's line through which gas can be taken, and through which we do take gas quite often.

Q. But for the purpose of maintaining pressure there you have not built the number of stations or lines around the town connected with your own pipe lines that you have around El Dorado?

A. No, there is only one station through which gas is delivered to the distributing company at Pine Bluff.

Q. Pine Bluff is larger than El Dorado, isn't it?

A. Let me find that from the lines of the Arkansas Louisiana Gas Company. I do not remember what the population of Pine Bluff is. I imagine they are about the same.

Q. In El Dorado now you have four gateways and Pine Bluff, with the exception of your standby or emergency connection with the Mississippi River Fuel Corporation, has only one. Is that correct?

[fol. 111] A. Yes, sir.

Q. In Little Rock you have only got one gateway, haven't you?

A. No, we have three.

Q. Three?

A. Yes, sir. One from the South, Line A, one at Levy and another one off of the loop line that comes out of the pipe line system approximately at Levy and goes around and crosses the river and delivers somewhere in the Pulaski Heights section. I have forgotten where that is.

Q. That is all.

Direct examination.

Mr. Arnold:

Q. I believe you have stated you are Assistant Secretary of the Arkansas Natural Gas Corporation and are employed by that corporation?

A. Yes, sir.

Q. How long have you been connected with that corporation?

A. Since its inception in 1928.

Q. Prior to that time by whom were you employed?

A. Arkansas Natural Gas Company, one of the predecessor companies, or rather one of the companies owning a large portion of the pipe lines, distribution plants, and production property of the present Arkansas Louisiana Gas Company.

Q. Was the Arkansas Natural Gas Company merged into the Arkansas Natural Gas Corporation?

A. Yes, sir.

Q. What is the corporate relationship now between the Arkansas Louisiana Gas Company and the Arkansas Natural Gas Corporation?

A. Well, all of the common stock of the Arkansas Louisiana Gas Company, except qualifying director shares, is owned by the Arkansas Natural Gas Corporation.

Q. Are you familiar with the property owned by the Arkansas Louisiana Gas Company and with the corporate history of the predecessor companies, and with the property that such predecessor companies owned?

A. Yes, sir.

[fol. 112] Q. How was the production and pipe line portion of the property now owned by the Arkansas Louisiana Gas Company acquired and from whom?

A. The pipe line and production property owned by the Arkansas Louisiana Pipe Line Company, which is one of the predecessor companies of the Arkansas Louisiana Gas Company, came into the present Arkansas Louisiana Gas Company through an original corporation—The Bethany Oil and Gas Company, which was a corporation organized under the laws of the State of Delaware on January 10, 1920, the charter of which gave it the right "to mine for, produce, buy, and in any manner acquire natural gas, and, but only under special contracts to be entered into for that

purpose, to sell such gas to such selected industries and such selected public utilities as the corporation may from time to time elect, but not to itself be or become a public utility or common carrier or to engage in the business of supplying gas to the public generally, or of transporting gas or oil for hire;"

On December 3, 1928 that Company filed its charter in Arkansas and secured a permit to do business in the state. By charter amendment on December 18, 1928, the name was changed to Arkansas Louisiana Pipe Line Company which amendment was filed on January 19, 1929 with the Secretary of the State of Arkansas. That company was never granted by the state nor by any of its political subdivisions any privilege, license or franchise or permit to function as a public utility or to sell to the inhabitants of any city or of any district, and was never granted any privileges that were not open to any other person, firm or corporation.

The main office of that corporation was in Shreveport in the State of Louisiana. That company owned over two hundred thousand acres of gas leases in Louisiana, Texas and Arkansas, and produced gas from wells in both states. It also purchased large quantities of gas from producers in gas fields in Louisiana.

The pipe line system consisted of large pipe line and compressor stations which transported gas from the Louisi- [fol. 113] ana and Texas fields, which it produced and purchased, into the State of Arkansas through two main trunk systems—one entering the State on the West of Emmett, Arkansas, and the other entering the state through one owned line and one leased line South of El Dorado, Arkansas. Gas was transported by that company into Arkansas to fulfill contracts previously made at Shreveport, Louisiana with select industries and selected public utility corporations located in Arkansas. The gas was transported from the fields in Louisiana and Texas by means of natural pressure from the wells and by compressure stations into the state through the transmission lines. The gas was discharged into the distribution systems of the distributing companies and into the pipes of the industrial customers direct from the transmission lines of the pipe line company. Such gas was not treated in any manner after it left the State of Louisiana.

The buyer was responsible for the gas at the point of delivery and metering adjacent to the transmission lines of the pipe line company.

The distributing companies took gas from the pipe line system at certain town border metering stations from which point they were responsible for the gas and from *which point they were responsible for the gas and from* which point they serve customers within each distribution plant through a system of pipes extending from said town border metering station to the houses and places of business of the individual customers for delivery to domestic and commercial, and industrial, customers in and adjacent to the distribution plants. None of this equipment or property other than the town border measuring stations and appliances necessary for the delivery at such town border measuring station was owned by the Arkansas Louisiana Pipe Line Company. The distribution companies operated and administered the business in such distribution plants without assistance or interference from the Arkansas Louisiana Pipe Line Company. All of the gas transported by said pipe line company was delivered either to large industrial customers or to the distribution companies. The sales of gas by the pipe line company was in every case by special contract made with selected industries and distributing corporations. Such contracts and agreements varied in duration, terms and conditions, setting forth the price [fol. 114] agreed upon. In some cases it carried minimum contract requirements, etc.

The gas sold, transported and delivered by the pipe line company was in large volume and was delivered at wholesale prices. The negotiations which culminated in these contracts originated with the Arkansas Louisiana Pipe Line Company and only those customers and industries which could be served in wholesale quantities, profitably and successfully, with convenience to the pipe line company, were served. The price in each contract depended upon the terms of the special contracts and varied with the circumstances of service and attendant competition. The major factor in the price feature was competitive prices of other fuels such as coal and oil.

With each purchaser it was a question of price and desirability of gas as a fuel as compared with the cost and desirability of competitive fuels, each of which competitive fuels were not subject to public regulation. Customer

was also under the necessity, of course, of taking into consideration the expenses of equipping his premises with the necessary receiving and distribution pipes, appliances, connections and burners so as to utilize the natural gas as a fuel.

On the company's side it was a question of the prices that the concern could pay, taking into consideration the prices of competitive fuels, the volume of gas that the customer would require, the duration of the contracts and the profit to the company at the prices at which the business could be obtained.

Chairman Lasley: We will recess until one o'clock.

Mr. Arnold:

Q. Please state briefly and describe the method by which the company produced the gas and transported it into Arkansas, and show how such gas was delivered to the customers served by the Arkansas Louisiana Pipe Line Company.

[fol. 115] A. We are still talking about the Arkansas Louisiana Pipe Line Company. That company produced and purchased gas in the fields of North Louisiana and East Texas and transported such gas into Arkansas—partly through Line A which crosses the Arkansas-Louisiana state line just North of Ida, Louisiana, thence up Line A and into and through the Trees Compressor Station; North to other markets at Little Rock and Pine Bluff and Hot Springs; also, for customers connected to the pipe line system at intermediate points between these. Gas is also diverted out of main Line A through AM-45 into the town border measuring station on the Texas side of Texarkana, Arkansas; thence back across the line through the distribution plant into Arkansas. No gas ever passes from Texas into Arkansas through Line AM-45. It is possible that the line could be so set up that the company would have been able to do so, but the physical conditions were such that this never happened.

Line A goes across the Arkansas-Louisiana state line through a 16-inch main, and is 16 inches or larger clear on to the Little Rock market. There are certain branch lines that come off of Line A to other customers and distributing plants which the company serves between the Arkansas-

Louisiana state line and Little Rock. No gas ever flows through Line A South from Red River; the physical construction of the line prevents that.

Mr. Flanders:

Q. Red River is where on the map?

A. At Garland City. The company had an 8" line, Line C, which also crosses the Arkansas-Louisiana state line, but no gas is delivered out of this line in Arkansas, rather, as far as I know now there is none. This line is used in serving certain small distributing plants in Texas and during periods of "peak" consumption when Line AM-45 is not sufficient, gas can be put into Texarkana, Arkansas and Texas. Gas also crosses the Arkansas-Louisiana state line through 10" Line H, which is a line leased from the Rex Pipe Line Company, otherwise known as the "Crusader Line", and through Line K, which is a 16" line running out of the Monroe and Ruston fields North into Little Rock. [fol. 116] Gas taken through Line K is delivered into Line E—or rather some of it is—and is transported up to the main Line A at Emmett, Arkansas, where the Trees Compressor Station is located. There is also a station known as the Barton Station, just North of El Dorado, which is used in pumping gas North or South—usually North—through Line E. Gas can be diverted out of Line A back through Line E down into the El Dorado District, when it is desirable to do so. At the present time, and in the last few months, due to the large supply of gas that the Arkansas Louisiana Gas Company has in the Rodessa field in North Louisiana, about 10 or 15 miles South of the Arkansas-Louisiana state line, a large quantity of gas is diverted out of Line A and is being transmitted to the City of El Dorado and to some of the large industrial customers in that district. At no time, however, has this gas been diverted far enough South to again cross the state line into Louisiana. The flow in Lines H and K is always North, and some gas is continually passing North through those lines. Gas always passes North through Line A, also, as I stated before. The gas cannot flow through Line A South of the Red River, at Garland City, as the line has check valves in it to prevent this.

Now all of the gas that the Arkansas Louisiana Pipe Line Company transported through these lines was trans-

ported on the basis of contracts that were made with individual large industrial customers, or with distributing corporations owning distribution plants in towns and cities in Arkansas. Such contracts were executed in the State of Louisiana, at the Company's office in Shreveport.

Q. Did the Arkansas Louisiana Pipe Line Company ever transport gas into Arkansas except as you have described?

A. No, sir.

Q. How much was the volume of gas transported into Arkansas in 1934, and delivered there to industrial buyers and distribution corporations by the Arkansas Louisiana Pipe Line Company, in cubic feet?

A. The Arkansas Louisiana Pipe Line Company, in 1934, owned the system only up to November 30, during which eleven-month period it delivered 15,582,012,000 cubic [fol. 117] feet of gas, 8,730,616,000 of which were sold to approximately 31 large industrial buyers, with which the special contract that I have previously referred to was in effect, and in the manner I have described. The remaining 6,851,396,000 cubic feet were sold to distributing corporations in approximately 50 cities and towns in the state.

Q. Mr. Hamilton, on the gross receipts tax, under Act 324 of Arkansas of 1935, state whether the distribution plants paid tax on all the gas that was distributed, and what was the position taken by the pipe line company as to such tax with reference to the large industrial buyers and distribution corporations?

Chairman Lasley: That is not material here.

Mr. Arnold: It is material for showing that Arkansas Louisiana Gas Company paid the tax on the local business, and it is only the inter-state business it has refused to pay.

Commissioner Bond: That is in controversy now.

Mr. Arnold: Yes, but I think it is material to show it, and I think it should be considered.

A. As I remember it, the Arkansas Louisiana Pipe Line Company did not pay any of that tax at all except on the business done through the pipe line North of Little Rock. On the gas that was moved in from Louisiana, delivered to customers and distribution plants from Little Rock South, it did not pay any tax.

Q. But the tax was paid by those companies which owned the distribution plants?

A. Yes, sir.

Q. On all the gas except that which the Arkansas Louisiana Pipe Line Company delivered to the approximately 31 large industrial buyers, and approximately 50 distribution plants in approximately 50 cities and towns——

[fol. 118] A. The Arkansas Louisiana Pipe Line Company had nothing to do with that business; the local corporations paid the tax upon the basis of the revenue derived from the gas they distributed locally.

Mr. Moore: No tax was paid on the gas Arkansas Louisiana Pipe Line Company sold and delivered to these large industrial customers?

A. No, sir.

Mr. Arnold:

Q. Your testimony has been up to November 30, 1934. I wish you would please describe what action was taken relative to this property on November 30, 1934.

A. The pipe line and production property of the Arkansas Louisiana Pipe Line Company was purchased by the Southern Cities Distributing Company, and the name of that corporation changed to Arkansas Louisiana Gas Company, the Southern Cities Distributing Company owning a large number of distributing properties.

Q. Wasn't that a merger rather than a purchase?

A. Yes, the properties were merged and the corporation changed its name. That is correct; I wasn't thinking of that feature.

Q. What was the name of the corporation changed to?

A. Arkansas Louisiana Gas Company.

Q. I wish you would describe the business of the transmission system and distribution plants, beginning subsequent to December 1, 1934.

A. The Arkansas Louisiana Gas Company, which after that date was the owner of the production and pipe line properties of the former Arkansas Louisiana Pipe Line Company and of the distribution properties of the former Southern Cities Distributing Company, continued to handle the production and transmission of gas in the same manner that they had handled it prior to December 1, 1934, in a separate department, just as separate and distinct as it was at the time the Arkansas Louisiana Pipe Line Company owned it. It also administered and served distribution plants through a distribution department separate and

apart from, and in no way connected with, the pipe line business. In other words, the same conditions of operation obtained after December 1st as prior to that time, [fol. 119] when there were two or more separate corporations.

Q. How much gas was transported from Louisiana and Texas into Arkansas during December, 1934?

A. I might state here, for the sake of the record, we have taken the year 1934 largely due to the fact that it is the last calendar year of operation and also to show the changed ownership.

During the month of December, 1934, the Arkansas Louisiana Gas Company transported into the State from without 1,526,672,000 cubic feet of gas, of which 713,179,000 were sold in the manner previously described, to large industrial buyers, and 346,448,000 delivered to 17 distribution plants owned by that company.

Q. How long did that method of ownership remain? If it was changed, state when, and what change was made.

A. The Arkansas Louisiana Gas Company continued to own that property, and on September 30, 1935, an additional number of distribution properties were acquired from Arkansas Natural Gas Corporation. The Arkansas Louisiana Gas Company at the present time owns all of the distribution properties except at Little Rock, Clarksville, Hot Springs and Camden.

Q. Did the Arkansas Louisiana Pipe Line Company, or the Arkansas Louisiana Gas Company ever undertake to serve from its transmission system all individuals or industries applying to it for service?

A. No, it only served those industries within economic reach of its lines or which the company could serve—well, let's put it this way: it selected its customers. Some customers applied to it that it could not serve at all.

Q. To what class of buyers did either of those two owners of the transmission system sell?

A. The transmission system only sold to those industrial customers whom it selected as being wholesale customers and who were adjacent to their pipe lines, and to certain distribution plants.

Q. Approximately how long does it take to transport gas from the fields in Louisiana to the industrial buyers or distribution corporations in Arkansas?

[fol. 120] A. The actual time of transmission varies from 6 to 10 or 12 hours, depending upon the pull that is in the lines—that is, if the lines are subject to heavy pull the gas can be pumped up at an enormous speed. From the Arkansas-Louisiana state line to Little Rock, the minimum time required would be 6 hours. Of course, depending upon the flow of the gas, that would vary.

Q. State whether or not the transmission system anticipates the needs of these industrial buyers and distribution corporation prior to the time of delivery.

A. The pipe line division has a gas dispatching department; there are three men in that department, and they are responsible for the anticipation of the customers' requirements. It is necessary, especially in winter, for them to anticipate the requirements for 24 hours or more. Also, when an individual customer of any size has been off the line, he is required to give notice before he comes back on, so that they can put the gas back into the lines and deliver it to him when he needs it. This requires a good deal of work and a very careful estimate of future weather, as the requirements of the distribution plant are to a large extent dependent upon the demand of the customers created by cold weather. This is all usually done 24 hours ahead.

Q. Mr. Flanders testified to and included in his exhibit descriptions of records of gas delivered to a number of buyers served by taps off of the pipe line transmission lines which he terms "rural customers". Will you please state what these customers are and show how they are served and advise what relations, if any, the pipe line transmission department has with such customers?

A. The class of customer included in Mr. Flanders' exhibit and known as "Rural customers" means those customers adjacent to the distribution plants which happened to be located along the transmission line or the pipe line division. I think I have pretty well covered that.

Q. Mr. Hamilton, Mr. Flanders testified, in response to a question as to whether or not the gas was parcelled out after it crossed the state line whenever a demand for it existed, that the demand existed at the various taps on the [fol. 121] transmission line. I wish you would state whether or not that is the situation.

A. Well, I would not describe it as that. What actually happens is that the contract customers, which are the only

customers the pipe line company handles direct, contract to purchase a certain quantity of gas, and that gas is transmitted to them and delivered over the period of their needs. They may require one volume today and another tomorrow. In the case of large customers, such requirements are usually transmitted to the pipe line company in such a way that they will be able to anticipate the needs. In the case of some of the smaller customers, the situation would not be technically exactly that way. The amount of gas handled through the pipe line system is carefully checked and tabulated by the dispatching department, so that at the end of every day they know the volume of gas that is handled and where it went. In addition to the metering charts and appliances used to record the sales of gas and used to bill the customer, we have another set of records maintained in this pressure dispatching department that gives a quick total of the gas handled daily, and at the end of each day that record is tabulated and that total obtained.

As a further illustration of the work of the pressure dispatching department, in order to give notice to the producers of gas from whom we purchase gas in the fields, it is necessary for them to make a daily estimate of the amount of gas we will require and notify such field sellers of the approximate requirements for each 24-hour period.

Q. How many miles of pipe are there in the whole system, and about how many in Arkansas—that is, the transmission system?

A. I don't have the exact number of miles in Arkansas. In the whole system, however, there are between 1500 and 1600 miles of pipe.

Q. You testified that there were approximately 1000.

A. I testified to that, but I don't want to be tied to it.

Q. How many compressor stations has the system?

A. There are 11 compressor stations.

[fol. 122] Q. What is a compressor station, and what does it do?

A. It is an appliance for taking gas at low pressure and transmitting it into high pressure gas—in other words, it is a "booster".

Q. You say it is an "appliance"—wouldn't that imply that it is small? Give some idea of the size.

A. The compressor station at Muntz, adjacent to the Monroe-Ruston field, has a 10,000 horsepower capacity,

and cost somewhere around a million and a half or three-quarters. The main purpose of these compressors is to keep the gas in a constant and steady flow, keep it moving.

Q. Does this gas which comes into Arkansas from these lines leading from Louisiana into Arkansas always flow in a continuous stream until it is discharged through the so-called "taps" in Arkansas?

A. It continuously moves until it is delivered to the consumers meters and distribution plants.

Q. Is any of that gas in storage at any time?

A. It would depend upon the definition of the word "storage". If it is storage in the sense of "rest", it is not; it is continually moving. The system is composed of pipes of a certain diameter and certain spacing. These pipes are filled with gas and the gas forces its way through them.

Q. Then, gas taken into the line at Louisiana at any given time on any one day is in transit until the given time of delivery on the same day?

A. Yes, the gas continually moves.

Q. Is any gas stored in these lines any more than a freight car full of interstate packages after it passes the boundary line?

A. Of course the pipe line itself is the vehicle through which the gas is transmitted. I don't know whether it could be compared exactly to a freight car. In other words, it is like a river filled with water flowing continually. The gas moves in the same manner, except at more speed.

A. It would be like a fast flowing river with no stops or back-ups?

A. Yes.

[fol. 123] Mr. Moore:

Q. Will these dispatchers control the amount of gas dispatched into Arkansas day by day?

A. Of course, the control comes from the requirements of the customers. They estimate the requirements.

Q. Those men are the ones who fix the amount to be transmitted into the pipe lines?

A. They go even further than that; they control the delivery to the various points on the line. For example, if the demand in Little Rock is exceedingly heavy, and the demand at Pine Bluff and Hot Springs is not so heavy, the gates at Perla would be slightly closed in so as to cause the

gas to be taken on in to Little Rock where the demand is greatest.

Q. Are the dispatchers familiar with your contracts with your industrial customers in this state?

A. Exceedingly familiar; not only with the control but with the customers' capacity.

Q. In estimating the amount of gas to be dispatched in the state, do they take into consideration the requirements of your industrial contracts and your distributing companies?

A. Yes, they ordinarily do that separately. The demand for distribution plants is determined by weather, largely; while in the case of industrial customers, the individual customer requirements are taken into consideration.

Q. I believe you stated that your industrial contracts are in writing?

A. All of the special contracts with industrial customers are in writing.

Q. Where are the bills due for gas under those contracts paid?

A. At Shreveport.

Mr. Flanders:

Q. In order to give a clear picture, what is the entire corporate structure of the company? In other words, what is the system—first, it is Cities Service Company, isn't that right?

A. You would have to define that a little closer. I would not want to answer it in that way.

[fol. 124] Q. Well, you have the Little Rock Gas & Fuel Company—who owns the common stock of that company?

A. Arkansas Natural Gas Corporation, except for the qualifying director shares.

Q. Who owns the common stock of Arkansas Louisiana Gas Company?

A. Arkansas Natural Gas Corporation.

Q. And the only relation between the Little Rock Gas & Fuel Company and Arkansas Louisiana Gas Company is through the ownership of the common stock by Arkansas Natural Gas Corporation?

A. And the contractual relationship of buyer and seller through the town border contract.

Q. They are affiliated through the Arkansas Natural Gas Corporation?

A. Yes.

Q. What company owns the common stock of Arkansas Natural Gas Corporation?

A. There is no one company that owns it all; a large quantity of it is on the open market owned by individuals; Cities Service Company owns a large block. They are reputed to own a majority of the common stock and some of the preferred. I am testifying largely from hearsay, though. I do not know.

Q. You know, though, that Cities Service Company exercises certain managerial duties over Arkansas Natural Gas Corporation?

A. We have a management contract with Cities Service, through which it offers engineering, accounting, legal and other advisory services.

Q. That is to the Arkansas Natural Gas Corporation?

A. No, those contracts are individual, to each of the companies.

Q. Each company has a separate contract with Cities Service?

A. Yes.

Q. Does the Arkansas Natural Gas Corporation own any property?

A. Not in Arkansas.

Q. Where does it own property?

A. Well, I believe it owns a little in Pennsylvania; I am not certain there is any more; I have forgotten where else. I am only sure it owns property in Pennsylvania, and that it does not own any in Arkansas.

[fol. 125] Q. The Arkansas Louisiana Gas Corporation owns all of the property with the exception of Little Rock Gas & Fuel Company—is that right?

A. The Arkansas Louisiana Gas Company owns all of the pipe line and production property formerly owned by Arkansas Louisiana Pipe Line Company, and the distributing plants formerly owned by the Public Utilities Corporation of Arkansas, Southern Cities Distributing Company and Arkansas Natural Gas Corporation.

Q. Then, putting it the other way, the Arkansas Louisiana Gas Company owns all the production facilities and all the transmission lines, with the exception of those that are

leased; all the distribution systems to which we have referred as "company owned", with the exception of Little Rock Gas & Fuel Company, and I believe out at Geyer Springs, which is owned by Little Rock Gas & Fuel Company, and the distribution systems at Hot Springs, Camden and Clarksville?

A. That is correct. That Geyer Springs, I think, we consider a portion of the distributing property of Little Rock Gas & Fuel Company.

Q. You have described in considerable detail the operation of this company, the Arkansas Louisiana Gas Company. For operating purposes the company is divided in two divisions, is it not?

A. You mean the——

Q. I mean there is no such thing as a pipe line company?

A. There is not a separate corporation that owns the pipe line company; there is not a separate corporate entity.

Q. As I said, the operations of the company are divided between pipe line operations and distribution operations, are they not?

A. Yes.

Q. Also production?

A. Well, production-pipe line would get it.

Q. So it is one company, and in the majority of cases it performs the full operation of production or purchase, transmission and distribution?

A. One corporation, yes. Of course, with the exceptions of Hot Springs, Camden, Clarksville and Little Rock.

[fol. 126] Q. I believe you stated yesterday that in the case of the Arkansas Power and Light Company, in lieu of construction of a line by the Arkansas Power and Light Company to connect their Little Rock plant with the city gate station, they had contracted with Little Rock Gas & Fuel Company to deliver that gas through their high pressure system?

A. Except that the Arkansas Power & Light Company did not do that itself; Arkansas Louisiana Gas Company did. They contracted with Little Rock Gas & Fuel to have the gas delivered to Arkansas Power & Light Company through the high pressure main of Little Rock Gas & Fuel Company, at a rental of 1¢ per 1000 feet of gas transmitted.

Q. Any further correction or allowance for losses in transmission?

A. No, I don't believe there is any leakage allowance in there. That would hardly be a serious factor, due to the fact that that transmission line is usually kept pretty well tight. They are usually subject to control from a leakage standpoint, more easily than the average line.

Q. The leakage would not be as great as in the low pressure distribution system?

A. Ordinarily, no. Of course, you might have some special condition that would make the leakage heavy, but it would be easy to detect.

Q. Does the company have any producing wells in Arkansas other than in Clarksville?

A. It has had at times. A number of years ago there were a large number of producing wells in the ElDorado District. In 1934, I think there was a small amount produced in one well. I don't remember the quantity. Recently, in the last two or three weeks or month, we have connected another well up in that ElDorado District, from which we have taken some gas.

Q. That is in the ordinary operation of the company?

A. Yes. We have purchased gas at times from wells where it was available.

Q. From your testimony awhile ago, and from your knowledge of the system, see if this statement is correct: All of the gas that comes into Arkansas in all main trans- [fol. 127] mission lines, excepting Line C and possibly some diversion through Line AM-45 to Texarkana, is consumed in Arkansas?

A. Well, one more case—Junction City. The delivery is not on the Arkansas side, so it might be that that would be consumed in Louisiana. That is, of course, a very small amount.

Q. You say the physical condition at Texarkana obliviates the possibility of any gas coming into Arkansas from Texas at that point?

A. Not the physical condition. One condition would be the pressure maintained in Line C, which is considerably lower than Line A or AM-45. I expect those regulators are hooked up to provide for the flow of AM-45 to the town border station. There may be a by-pass there, but to my knowledge no gas has ever flowed from C to AM-45.

Q. The pressure in Line A would have to be down considerably before it would flow?

A. Yes.

Q. And to your knowledge, has any gas flown from Arkansas to Louisiana over Lines H or K?

A. Never.

Q. That might be possible in the case of Line K.

A. Well, the connections could be made to where it would be possible, but the main supply of gas outside of the Rodessa field is in the Monroe and Ruston field through which K and H feed.

Q. The physical conditions surrounding the service to any rural customer are in that tap is made of the main transmission line and the gas is metered the same as to a larger consumer?

A. Of course, the nature of the connection, the nature of the metering, and the way the customer is handled is different. There is a tap made by the pipe line division and the meter is set by the distribution division; the contract is made with the customer, the customer is billed through the distribution department, and the gas delivered through that tap is included in the town border delivery of the nearest distribution station. Of course, if there are a number of customers on one of those tap lines, sometimes the pipe line de-
[fol. 128] partment will set a master meter there, and the reading of this meter is used in billing the gas to the distribution department. Then, the distribution company sets individual meters for the customers along that tap line, and the distribution company or the customer owns the tap.

Q. The purpose of this entire gas system is to deliver gas to the customer in the various manners he desires to take same?

A. Yes.

Q. Whether such customer be a domestic customer, a distribution system customer, or an industrial customer? They all co-ordinate through and work together to get the gas to the customer?

A. They are all owned by the same corporation, and of course cooperate with each other in getting the gas into Arkansas and to the customer.

Q. And the system was designed primarily with that in mind? That is, I don't mean the original design of the system, but the system as it stands at the present time with the various additions that have been added from time to time?

A. Well, of course the system was originally started as a pipe line system; the original name of the old company, way back yonder in 1910, was "Arkansas Pipe Line Company". It was built to transport gas from the gas fields in Caddo Parish, Louisiana, to Little Rock. The other distribution plants along the line—Hope, Malvern, etc., were built later on, and purchase their supply of gas from the pipe line company. Of course, other distribution plants have been added from time to time; additional transmission lines have been built, etc.

Q. The main offices of the Arkansas Louisiana Gas Company are in Shreveport?

A. Yes, sir.

Q. Is that for the reason that that is nearer the center of operations?

A. Yes. That is the principal reason. The greater portion of the company's business that requires the large engineering and management force is in Northern Louisiana and Southern Arkansas territory.

Q. It could just as well be in any other town that had facilities for office space and was close to the center of activities?

[fol. 129] A. If the center of activities changed where conditions as they now obtain were different, it could be located anywhere, yes.

Q. That is all.

Chairman Lasley:

Q. Mr. Hamilton, the contract the Arkansas Louisiana Gas Company has with Little Rock Gas & Fuel Company is very much like a fellow contracting with himself, isn't it? They are not able to deal at arms' length with each other because they have the same management.

A. I will give you the facts, and let them stand for themselves: The contract that is at present in existence was made in 1927, between Arkansas Natural Gas Company—the old company—and the Little Rock Gas & Fuel Company. At that time, Mr. W. F. Booth was, I believe, President, or at least Manager of the Little Rock Gas & Fuel Company; he executed that contract with J. R. Muntz, President of the Arkansas Natural Gas Company. There was no common ownership of the companies at that time. The contract was

made at arms' length; it is still in its original form and has not been changed.

Q. In response to Mr. Arnold's questions, you detailed the original organization of the Arkansas Louisiana Pipe Line Company, and read into the record a part of its charter, saying that it should never become a public utility. That portion of that charter was not carried into the Arkansas Louisiana Gas merger charter, was it?

A. I have not read the charter of the Arkansas Louisiana Gas Company for a long time.

Q. The Arkansas Louisiana Gas Company is exercising powers and performing functions of a public utility, isn't it?

A. Yes—in its distribution properties, at least.

Q. When you spoke of the Arkansas Louisiana Pipe Line Company having contracts with selected distributing companies, the larger number of those contracts were with companies which were owned by the same people who owned Arkansas Louisiana Pipe Line Company, were they not?

[fol. 130] A. Well, the Arkansas Louisiana Pipe Line Company, and the distributing corporations, being the Public Utilities Corporation of Arkansas, Southern Cities Distributing Company, Arkansas Natural Gas Corporation, owned the common stock of the distributing corporations and of the pipe line company.

Q. Now, this matter of dividing your company up into a pipe line division and distribution division is a matter of convenience, wholly, isn't it?

A. It is more or less an economic requirement for operating the property.

Q. In other words, it is a matter of cost accounting?

A. No, it is management of the properties. Cost accounting would not be affected.

Q. It would be like dividing a railroad into divisions?

A. I am not familiar enough with the railroad operations to make a comparison there, but I expect so.

Q. Is it your contention that this division of the company's operations has any effect upon whether any of its operations are interstate commerce or intrastate commerce?

A. I don't believe I would be competent to answer that question. I have illustrated the difference between the operations of the two departments of the company. As to what effect it would have upon the determination of the interstate commerce question, I don't know.

Q. For each one of these industrial contracts you have, do you require the consumer to only take a certain minimum, and hope that he will take more? Isn't that hope generally realized too?.

A. Of course, there are certain of them we would not undertake to serve at all, unless we were practically sure they would take large quantities of gas.

Q. You said there was a minimum requirement.

A. Yes, in the ordinary contract.

Q. The minimum, then, is all they are really obligated to take?

A. Yes, I expect that is true.

Q. Mr. Hamilton, for instance, in determining the rate which Camden Gas Company, Hot Springs Company, or some other large consumer on the system would use, do you make up that rate by determining and estimating the cost [fol. 131] of gas in the fields? That is, when you produce it you have various elements of cost entering into it—amortization of dry holes, leases, rentals, and things. Then, you further add to that, or attempt to get it, maintenance, depreciation and return upon your transmission property. In every rate made you have given consideration to those elements, and it has been increased by reason of them, along maybe with other elements—is that right?

A. Practically, that does not apply with any great force to the average industrial customer, due to the fact that the company is usually limited in the amount of revenue it can collect from that customer, but from the cost-finding standpoing, of course, the cost of serving that customer, if it were determined, would be the cost of the commodity at the point where it is put into the line; plus the cost of transporting it?

Q. And part of the cost would be maintenance and depreciation and return upon the line?

A. Yes, sir.

Q. And in the case of the Hot Springs Company, you are charging it for the cost of maintenance and depreciation and return upon that part of the pipe line used to serve it located in Arkansas?

A. That is part of the cost of service, yes. In other words, if we were able to collect the entire cost of service, including depreciation, amortization and return on the in-

vestment, that portion of the system used in delivering gas to Hot Springs would involve a computation on that cost.

Commissioner Bond:

Q. What would be your estimate of the ratio of the cost of gas at the end of the pipe line to the cost of gas at the burner tip at Hot Springs?

A. When you bring the burner tip in it, you bring the distribution plant in.

Q. Well, take it to the city gate.

A. I have not figured that exactly.

Q. What is your purchase price of gas in the field?

A. Five and a half to six cents.

[fol. 132] Q. What is the city gate rate at Hot Springs?

A. That will average somewhere between 28 and 30¢. I am guessing at that.

Q. At least 75% of the cost of that service at Hot Springs accrued subsequent to the purchase of the commodity?

A. You say "cost of service".

Q. Well, that rate charged for service.

A. Yes, if the 28 or 30¢ is correct.

Q. And we might say 75% of that revenue collected would represent a return to you for your costs in transporting and your transmission facilities?

A. From the field to the town borders of the towns—still with the reservation that those figures are correct.

Q. And a great portion of that cost, including the rate of return on the facilities, would be incurred subsequent to the crossing of the state line in Louisiana, wouldn't it?

A. A portion of it would be incurred for the use of the transmission facilities.

Q. But according to that rate, what you really sell at the city gate in Hot Springs is transported gas, rather than a commodity that is purchased in Louisiana and transported by you? You are selling a service.

A. We purchase and produce gas in the fields, and by the way, that price of 5½¢ is the production rate. It would be 7 or 7½ with the addition of the purchase rate. To go on, we produce and purchase a commodity in the fields and pump it or put it in the pipe lines and transport or deliver it to the city gate at Hot Springs. Whether it is the raw material or a service would be a matter of determination.

Q. But, due to the fact that it represents only about 25% of the sale price of the service, it does seem in the nature of a raw material that enters into the finished product.

A. I hate to be tied down to that. It would be the same idea as loading brick on a car in Louisiana and transporting it and delivering it up here.

[fol. 133] Q. The transporting of the brick itself is a separate service.

A. You would take the cost of the brick, add the loading and transporting expenses and the unloading expenses. That is almost the exact manner in which the gas works out.

Q. Freight is not ordinarily counted a part of the interstate sale of the merchandise.

A. I am not sufficiently experienced in the business of handling brick to be qualified to say that, but every time I have priced it, it is certainly "F. O. B. destination".

Q. Going back to these contracts you say were signed in Louisiana. Do they merely stipulate the terms and conditions under which you will serve the customers? That is, they could not be termed contracts of sale, or contracts that you could hold for the outright purchase of so many MCF of gas?

A. Some of them are.

The contract really does not operate until the customer turns the gas on at the burner tip? It sets out the terms under which you will serve him if he desires it, and the price at which you will serve him, if he desires it, but it is not a contract of sale; it is a contract to serve or a contract to perform, but not one of sale, is it?

A. The minute the gas is delivered, it becomes a contract for sale. That is the intention of the contract. I think that the best evidence of that would be the contracts themselves. I would prefer, rather than to attempt to designate which was a sales contract and which a service contract, to merely file a sample contract in evidence.

Q. There is no sale at all, even though the contract exists, until such time as the consumer decides he wants the gas and turns it on. Ordinarily a sales contract is for a sale right at the time; it may be delivered in the future, but a sale is made immediately.

A. Each one of these contracts provides for minimum delivery of gas. That certainly would be a direct contract of

sale, because we deliver the gas to the customer, and if he doesn't want it he pays for it anyway.

[fol. 134] Q. That upholds the theory that he pays you to maintain for his use a supply of gas. If he takes a notion to use it it is there for him.

A. As a part of each one of the contracts, the company undertakes to supply the customer at the times he needs gas and at the pipe line tap.

Q. So the gas it already up here waiting for him, before he takes a notion to buy it. You maintain a supply for him?

A. No, we don't maintain that gas up against his meter all the time. We are continually transporting the gas.

Q. The very nature of the commodity would make that necessary.

A. The gas is continually moving; when he needs it, we divert it to his use.

Q. I notice that you compared your gas mains to a river flowing. I expect the Mayor would contend that there is a supply of water continually, even though it is rotten water and not fit for use.

A. They do not transport a bucket of water or a million gallons for the city's use. The water is passing all the time, and it is diverted for use.

Q. In your testimony somewhere you said you could tell the amount of gas used and where it went. I don't understand how you can tell where it goes.

A. The dispatcher is connected by telephone will all the important outlets for gas. There is a series of gauges on the meters recording the differential between the outlet pressure on the customer's side and the inlet pressure on the pipe line side. An estimate can be made with a considerable degree of accuracy. That is what the dispatcher does. He records these and can estimate the amount transported each day with a fair degree of accuracy. The night man usually does that for the previous day.

Q. But he doesn't know what customers use it?

A. He can't estimate it for each individual customer, but he does for all the big contracts and border town deliveries. He takes the check meters and estimates the flow—a certain amount of which flow would be for Little Rock Gas & Fuel and some for Pine Bluff.

[fol. 135] Q. But the Arkansas Louisiana Company really does not know what customers depleted its supply of gas until it gets the meter readings for each month?

A. Not with absolute accuracy, but for all the big customers they can tell. Maybe it is not understood that the meter charts on all the big meters are changed daily.

Q. What I was trying to get at is that the gas is purchased first and then the supply replenished; that gas crosses the state line for individual consumption.

A. Suppose the Acme Brick Company wanted to start up its railroad kiln. One of our employees would be notified and we would have to actually buy additional gas or turn it into the well. Or, the Arkansas Power & Light Company at Pine Bluff—we would require them to notify us. A definite provision is made to serve those customers. As stated before, this is not true of some of the small customers. But, if the weather man said it was going to be zero in Little Rock tomorrow, we would get busy and turn in Well No. so forth and so on; the United Gas Company is called and notified that we want an additional ten million feet, etc.

Q. That was one thing I was getting at; they make provision for a sale that will be made later, but do not fill a sale that has already been made.

A. They are filling a sale that will be made tomorrow, in the following 24 hours.

Chairman Lasley:

Q. You said awhile ago that they "selected" customers. How do you select them?

A. Certain customers are so far off the pipe line that we would not be able to serve them—that would be one case. In another case, we might have a customer who required an unusual amount of gas over a short period, and it might not be worthwhile to serve him.

Q. But you would take that on if he would pay you, would you not?

A. Yes, if he paid sufficient money, but the selectivity is still there. We don't just open up like the distribution plant and serve everybody.

[fol. 136] Q. The distribution plant won't serve a man who is so far removed that it is impracticable to serve him.

A. That is true. There is that element of selectivity in the distribution lines also.

Q. In other words, any customer on your line who is, financially able to pay and whom you can economically serve, you take on?

A. That condition is true, yes.

Q. What other elements of selectivity enter into it?

A. Of course, you make such a blanket condition there that you destroy the selectivity. We would serve Calgary, Canada, if they paid us for it. The only element of selectivity that enters into it is the question I just mentioned.

Q. The selectivity feature is whether or not the customer is in the location and requires the service, then. That same element is found in serving a customer through the distribution system, is it not?

A. No, sir. I know in the average distribution plant, with the rates in effect, there are a large number of customers we actually lose money on. As long as they are on the line within reach of our services, and agree to abide by our rules, we are forced to serve them.

Q. I have heard some of your men say you have some industrial customers you are serving at a loss.

A. If they are, they slipped one by me.

Q. But, after all, if there is anybody on that line you can serve at a price they can afford to pay, and if they are financially responsible, you serve them—is that right?

A. And if the price they can afford to pay is remunerative to the pipe line company. In other words, we would not turn them down on a moral risk.

Q. The Supreme Court of the United States has held, and you are familiar with it I know, from your testimony here, that the question of breaking gas down into streams is a "breaking of the original package". You want to change that to "diverting" from the original package; you said yesterday you did not like the word "break", but wanted the word "divert". The only difference between the number of streams through which the gas is diverted in a distribu-[fol. 137] tion system and the way it is diverted through your transmission system is just a question of number, isn't it?

A. Mr. Lasley, I think we went into that so thoroughly yesterday that I hate to get back into it.

Q. I am asking you if the question of number is the only question?

A. I made that perfectly plain—by showing the difference in transmitting gas and distributing gas.

Q. But you can divert gas in transmission systems as well as distribution systems?

A. No, sir. If it is diverted small enough it immediately becomes distribution. We don't attempt to transmit gas through a transmission system and serve a large number of customers in the same area through a distribution system.

Q. This commission is just trying to get information from you, who qualified as an expert. You referred to gas being diverted out of the pipe line into AM-45—out of Line A into pipe line AM-45——.

A. Yes, sir.

Q. What is the difference in that diversion and the diversion in a distribution system, if you only have one in the distribution system?

A. We would not have a distribution system with one customer.

Q. You can have diversions in a transmission system.

A. We divert gas in the transmission system at the town borders of the various towns.

Q. And you divert it from one pipe line into another?

A. Yes, sir.

Q. And you divert it through taps out to customers?

A. Yes, sir.

Q. Then, except as to number, what is the difference in the diversion or breaking up of the quantity of gas in your pipe line system, for the purpose of reaching the pipe-line customers, and in doing the same thing through a distribution system?

A. It is done in an entirely different manner. In the first place, your contract was made outside of the state.

[fol. 138] Q. I am talking about the physical conditions; forget the contracts.

A. I can't forget the original method under which the contract was made and provision for service was made.

Q. Yes, you can. You can take a line of pipe down here that you see fit to call a transmission system; out of that you divert gas in many streams to consumers. The question of the contract does not have anything to do with taking that gas out of that pipe line.

A. I beg your pardon, it does.

Q. Why?

A. Because the gas was taken out of the pipe line for the service of this customer by contract.

Q. Suppose he did not have a contract?

A. We would not serve him.

Q. Getting away from your contracts—let's take the physical conditions. Your contract is not going to change it from interstate to intrastate.

Mr. Moore: That is a matter of legal argument.

Chairman Lasley: I am asking him to tell me what is the difference in diverting gas out of a pipe line, so far as physical operations are concerned, and diverting it out of a distribution system, with the exception of the number of customers and the area covered?

A. The only way that I can or will go into that situation is to show you how it is done, which I did yesterday, carefully and in great detail.

Q. If you care to answer the question, you can make any explanation you want to afterwards. (Question re-read.)

A. There is a great difference in the actual physical manner in which the gas is delivered to the customer. In the distribution system it starts at the point the gas is taken out of the pipe line; it is transmitted through lines usually of a much smaller size than the transmission main, to customers in that particular area, usually through low pres- [fol. 139] sure, or comparatively low pressure systems, and through domestic meters, which are billed and looked after by the distribution employees, and when it is taken out of the transmission system, it is delivered to the customer usually in wholesale quantities. The customer utilizes such gas through his own distribution system.

Q. In your high pressure distribution system, you have a take-off or diversion point, have you not?

A. Well, the distribution systems are usually constructed to pick up gas at the town borders and transport that gas through lines that carry from 30 to as low as 10 or 15 pounds into some centrally located point, or a number of more or less centrally located points, from which it is usually further distributed through lines of lower pressure than those to the customers' houses.

Q. It will be all right to call that main or high pressure line the "primary" line?

A. We usually term them "intermediate" service lines.

Q. It is the same thing as a primary line, isn't it?

A. Yes.

Q. That primary line is tapped at various places along its course?

A. Ordinarily, yes.

Q. And gas is diverted?

A. Yes.

Q. And that diversion might serve a customer direct, or the quantity be diverted and a number of customers served, depending upon your secondary service lines?

A. Ordinarily the intermediate system is completely separated from the low pressure system. Of course, there are times when customers are served immediately off of the intermediate system, but ordinarily the gas is taken through another distribution system, which is usually a lower pressure one.

Q. It might be called a "secondary"?

A. If you want to term it that, yes.

[fol. 140] Q. Now, then, the tap that might be made on that primary line and the gas that would be diverted through this tap would be the quantity desired?

A. It would be measured by the customer's requirements, yes.

Q. And the size of the tap would be——

A. Those taps are usually all uniform; all of the customer services we try to make uniform.

Q. But you would not make that too small to serve what you expect to go through it?

A. Not if we could help it.

Q. You tap from your pipe line to serve a customer——

A. This primary line?

Q. Yes. To serve an industrial customer—it is large enough to take care of the customer's requirements and is regulated by what you anticipate his requirements to be?

A. Yes, sir.

Q. And gas flows through there as it is used?

A. Yes.

Q. What is the difference between the physical operation of the gas flowing through the pipe line into the tap or the distribution system to the tap?

A. In the distribution system the gas is taken off at one or more locations on the pipe line system; it is transmitted

into this distribution system and spread out at retail over a large group of customers.

Q. I fear you did not understand my question. We first spoke of tapping the primary line in the distribution system and diverting gas through that tap; then we spoke of tapping the pipe line or transmission line and serving a customer through that. I asked you what were the physical conditions that would be different in the flow of gas through those two taps.

A. I just repeated the difference would be one was served directly off of the pipe line of the transmission system and the other would be served off of this primary line, which had in turn been served by the pipe line.

[fol. 141] Q. So far as the physical conditions are concerned, the gas flowing through the taps would be the same?

A. You mean the gas flowing through one tap and another tap?

Q. We first detailed a primary line in your distribution system. A tap would be made on it for the purpose of diverting gas through there, and gas would flow through as it was used?

A. That is true.

Q. And you make a tap on your transmission line for the purpose of serving a particular transmission customer. What is the difference in the physical conditions under which the gas would flow through those two holes?

A. The gas would flow in the same manner, of course, but as far as the conditions of service are concerned, they are not the same.

Q. The amount of gas and the gas flowing through there would have the same effect upon the gas left in the pipe in the two instances?

A. I don't exactly understand.

Q. That is all.

Mr. Flanders:

Q. There is no way, in spite of all the anticipation, of earmarking the gas that enters the transmission system?

A. There is no way we could put a tag on it.

(Off the record discussion, during which it is agreed by all that the amount of gas received from the ElDorado fields in Arkansas is inconsequential, up to the present time.)

Mr. Custer:

Q. I believe you stated in your direct examination that the pipe line company has not stored any gas in Arkansas at any time; that it does not store gas?

A. I said I did not see where there was any stoppage in any flow; that it was continuous.

[fol. 142] Q. Your pressure varies some—say in the morning when most of the people are taking off for cooking breakfast, and at noon and at night; your pressure is constantly changing; you anticipate what this demand will be and put more pressure in the main and build that pressure up, even though the gas is flowing out the North end of the main, say through Little Rock town border station, and is continuing to flow in through the Arkansas-Louisiana state line? Your pressure, for example, goes from maybe 100 to 200 pounds. Aren't you storing gas then?

A. The gas is still moving. Of course, the higher the pressure, the faster it moves. If the town border station in Little Rock were closed the gas would back up. That pressure forces the gas faster or slower.

Q. The gas that is being put into the mains is continuing to flow out of the town border station here, but the pressure at the town border station on the main side of your station is increasing, say from 100 to 150 pounds, but from Little Rock town border station back to Trees Compressor Station you have considerably more gas in that main than you had when the pressure was at 100 pounds at Little Rock?

A. Of course, the effect the pressure has on gas is to crowd the molecules closer together, and when it is delivered at a high pressure you get more gas through the meters or pipes or valves than at a low pressure. Of course, you can take a ten inch pipe and put 1000 or an immense number of cubic feet in the line, but whether that would constitute a storage, I couldn't say. The gas is continually moving.

Q. But you have more gas available to take off at that spot?

A. And more being taken, yes. We put the pressure on it to make more available for delivery at the outlets in the pipe line.

Q. Isn't that more or less the same principle that a natural gas system would use in storing gas in a relief holder?

A. Except for the fact that if we stored it in a relief holder

it would come to a rest; you would pack it full and it would be at rest.

[fol. 143] Q. Say that the amount being drawn off is not as much as the amount being pumped in?

A. That condition very seldom exists, except for maybe an hour or a few hours at a time. For example, the demand out of the pipe lines after ten or 11 o'clock at night begins to slack off.

Q. And your pressure goes up.

A. Of course, we continue to pump into the lines and crowd the molecules closer together.

Q. Store it?

A. No, I would not call that storage; it is still moving. You can deliver an immense amount of gas and continue to increase the pressure, but the higher you put the compressor on it the more gas you deliver.

Q. Say you dammed the Arkansas river at Little Rock, and you are going to back the water up the valley a hundred miles—you are going to continue the stream past the dam, after the river is backed up. You can still continue that stream past the dam all right, and maintain your storage too?

A. That is true. For every cubic foot of water, though, you have to have a cubic foot of space. This is not true of gas; you can have the same cubic content of the line and crowd those molecules together so that a cubic foot at 200 pounds would occupy the same space as a cubic foot at 100 pounds. Water is practically non-compressible.

Q. The kind of appliance that you would use to compress the water would be different than the compression of gas.

A. You can't compress water at all.

Chairman Lasley:

Q. I believe you said the other day you would secure some of those pipe line pressures.

A. When you called me the other day I was under the impression that the pressure charts were in the office, but they are in the district foreman's office. However, we called [fol. 144] up and got them.

On the high side of the delivery station at Hot Springs and at Pine Bluff * * * but I will give you a copy of this. They are weekly charts and we got them over the telephone for you. At Little Rock, I took it off of the pressure

dispatcher's chart. Here is what I took off: On September 1st, the highest pressure was 155 pounds; lowest 135; on the 25th, high was 142, low 85; on the 27th, high 178, low 110; on the 30th, high 157, low 102. I did not take off any further dates because the condition was normal. I took the periods of high and low fluctuation.

Q. Take your pressure at your Little Rock station: The pressure at all points South of Little Rock from which gas was diverted would be as high or higher than at Little Rock?

A. That is back to the Trees Compressor station.

Q. You list here Hot Springs and Pine Bluff—the pressure at all points between Pine Bluff and Trees Compressor Station would be as high or higher than it was at Pine Bluff, wouldn't it?

A. Yes.

Q. What about the gas in ElDorado district—the pressure there?

A. That pressure in that district would depend upon two sources—as to whether it was being obtained from Lines H and K from the Monroe and Ruston field or from Line E out of Trees Station, if gas was flowing from Trees Station South. If it was not, and the Barton station was not running, the pressure in the transmission lines of the ElDorado district would at all times be higher than the customers' meters.

Q. How much higher, generally?

(Statement of Weekly Charts showing pressures filed and marked Exhibit 5—Ark.-La. Gas Company.)

Mr. Arnold:

Q. Mr. Hamilton, does the gas ever go from the industrial buyers' pipes of the distribution system back into the transmission system pipes?

A. No, sir, it does not.

[fol. 145] F. S. KELLY, a witness of lawful age, after first being duly sworn, testified as follows:

Mr. Arnold:

Q. Your name is F. S. Kelly?

A. Yes, sir.

Q. By whom are you employed?

A. I'm employed in the Pipe Line Department of the Arkansas Louisiana Gas Company.

Q. What are your duties?

A. Sales engineer.

Q. Are you familiar with the operating devices installed to deliver gas from the transmission pipe lines of the Arkansas Louisiana Gas Company to industrial pipe line buyers and to distribution plants in cities and towns?

A. Yes.

Q. Have you recently investigated the conditions under which gas is delivered into the distribution plants at Woodville and Natchez, Mississippi?

A. Yes.

Q. By what transmission system are such deliveries made?

A. Gas is delivered to these two systems from the lines of the Interstate Natural Gas Company, Incorporated, and the metering and regulating stations in both cases are similar to ours and the same type of equipment is used in each instance.

Q. Does the Interstate Pipe Line Company have any customers in Mississippi other than distribution plants at Woodville and Natchez?

A. I can't testify to that except from hearsay. Mr. Gordon, General Manager of the Interstate Natural Gas Company at Monroe, Louisiana, advised me of one customer they served in addition to these I mentioned, and that was a Consolidated School near the town of Wilkinson. I couldn't certify however as to whether they serve this customer.

Q. What is the approximate distance in Mississippi that is traversed by the transmission system of the Interstate Pipe Line Company?

[fol. 146] A. The Interstate Natural Gas Company, Incorporated, according to a map of gas fields and pipe lines in the United States, published by the International Map Company of New York, indicates that this company has slightly less than 40 miles of transmission lines in the State of Mississippi.

Q. When a customer is connected what does Arkansas Louisiana Gas Company do in connection with his daily and annual requirements?

A. Before the contract with this company is executed, or before a rate is quoted, we find out the annual and daily requirements of the customer, the load factor, etc.

Q. For what purpose?

A. For the purpose of our dispatching department in handling deliveries to that customer.

Mr. Flanders:

Q. The pipe line of the Interstate Natural Gas Company just goes through a very small portion of Mississippi and goes on into Louisiana, doesn't it?

A. Yes.

Q. Did you determine whether or not the main volume of the gas passes through that 22 inch line? It is a 22 inch line, isn't it?

A. It is my understanding that there are certain sections of the line where there are two 22 inch sections. That is the case at Natchez; at Woodville there is only one 22 inch line.

Q. Those are small towns, aren't they?

A. I would not say that Natchez was a small town. It is one of the few larger towns in Mississippi.

Q. What portion of the gas that goes through those lines would you estimate was diverted at Natchez and Woodsville?

A. I couldn't say.

Q. It would be a very small portion, wouldn't it?

A. I would imagine it would be much smaller than the amount the City of New Orleans uses.

[fol. 147] Q. Does the Arkansas Louisiana Gas Company have any transmission lines as large as 22 inches?

A. Not to my knowledge.

Q. Twenty inches is their largest?

A. Yes.

Q. And they deliver a considerable amount of gas through that size line, don't they?

A. They can, dependent upon distances and pressures.

Q. In this case, the Interstate Natural Gas Company makes two sales, I believe you say, and one you say from hearsay, in Mississippi?

A. Yes.

Q. Two of them to distribution systems owned by others?

A. Yes.

Q. What about the town of Wilkinson?
A. I am not familiar with that.

Chairman Lasley:

Q. You said the conditions in Arkansas of the Arkansas Louisiana Gas Company were similar to those in Mississippi with the Interstate. All the gas that is introduced into Mississippi by Interstate is not consumed in Mississippi, is it?

A. No, sir, I would not think so, since they serve some very large cities in Louisiana South of there.

Q. Off of that same pipe line?

A. Yes.

Q. The pipe line was constructed, not to serve Mississippi, but the territory South of there?

A. I couldn't say, but I would imagine it was.

Q. The pipe lines in Arkansas were built to serve customers in Arkansas?

A. Yes, sir.

Q. The service of that small quantity of gas in Mississippi is merely incidental?

A. I couldn't say.

Q. As a rate and gas engineer, what would you say about it?

[fol. 148] A. I understand the line was built in 1926, and soon after it was constructed Natchez acquired gas, and it was the first town in Mississippi to have it. I would say the primary purpose was not to sell gas in Mississippi.

Q. That company does not own a distribution system in Mississippi or anywhere else, does it?

A. I couldn't say.

Q. I think that Supreme Court decision said there were 70,000,000 feet going through the line and approximately 500,000 were taken off in these two towns. If this is true, you would think these two towns were merely incidental, wouldn't you?

A. Of course. But the amount taken off at those towns would depend upon weather conditions; it may be since that time they have added other large customers to their systems.

Q. The layout of Arkansas Louisiana Gas Company in Arkansas is in no respect similar to the layout of the Interstate Company in Mississippi, is it?

A. Yes, sir. Our metering and regulating equipment is similar.

Q. I am talking about the layout of the lines. I am not talking about appliances.

A. What do you mean?

Q. The way the lines are built and the way customers are served.

A. The lines of the Interstate are constructed similar to ours; the connections are similar.

Q. Has the Interstate any network of lines like you fellows have, in Mississippi?

A. I don't believe they have.

Q. When you said the conditions were similar, you didn't mean that.

A. You stated physical service. Our conditions are similar; the same type of connection is made and the same equipment is used.

Q. You did not intend to say that the layout and the numerous lines were similar to those of your company in Arkansas?

A. I couldn't testify to that because I am not familiar with the entire system.

Q. The only thing that you know is that they have the same form of regulator where they make a tap for "diverting," as Mr. Hamilton says?

A. The only similarity I know of is the actual physical layout of those stations.

Q. That is all. The case will be submitted on the record as made.

[fol. 149] EXHIBIT No. 1

DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

At a Session of the Department of Public Utilities, held in the City of Little Rock, Arkansas, on the 13th day of April, 1935.

Present: P. A. Lasley, Chairman; Will N. Gladson, Joe Bond, Commissioners.

General Order No. 13

In the Matter of Regulations Prescribing the Form and Governing the Filing and Publication of Schedules of Rates of Public Utilities

Ordered: 1. That under and by virtue of the authority conferred upon this Department by Act 324 of the Acts

of 1935, the following Regulations Prescribing the Form and Governing the Filing and Publication of Schedules of Rates of Public Utilities be and the same are hereby adopted:

1. Scope of Regulations

These regulations are intended to specify the requirements of the law creating the Department of Public Utilities as to procedure in publishing, filing, approval and application of rates; terms and conditions; rules and regulations; forms of contract and all other factors affecting the rates, tariffs and systems of charging for services or commodities rendered or sold under the supervision of the Department.

2. Definitions and Nomenclature

(a) The term "public utility" includes persons and corporations or their lessees, trustees and receivers, now or hereafter owning or operating in this state, equipment or facilities for: (1) producing, generating, transmitting, delivering or furnishing gas, electricity, steam or other agency for the production of light, heat, or power, to or for the public for compensation; (2) diverting, developing, pumping, impounding, distributing or furnishing water to, or for, the public for compensation; (3) conveying or transmitting messages or communications by telephone or telegraph when such service is offered to the public for compensation; (4) [fol. 150] transporting persons by street, suburban or interurban railway for the public for compensation; (5) transporting persons by motor vehicles, where such vehicles are operated under a franchise or in conjunction therewith, and as a part of a street, suburban or interurban railway, or in lieu of either thereof, for the public for compensation.

(b) The term "rate" means and includes every compensation, charge, fare, toll, rental, and classification or any of them, demanded, observed, charged or collected by any public utility for any service, product, or commodity offered by it as such public utility to the public, and any rules, regulations, practices or contracts affecting any such compensation, charge, fare, toll, rental, or classification.

(c) The term "Department" means the Department of Public Utilities of the State of Arkansas.

(d) The term "Kind of service" refers to the nature of the service or commodity sold or delivered to consumers. Example: gas, electricity, water, telephone, etc.

(e) The term "Character of service", when applicable, means the voltage, phase and frequency of electric service, the origin and heating value of gas, etc. Example: (1) Alternating current, 220 volts, 3 phase, 60 cycles; (2) Natural gas of average heating value of 970 B. T. U. per cubic foot; etc.

(f) The term "Class of service" or "Classification" means the nature of the customers or premises to which any schedule is applicable. Example: Residence Service; Commercial Service; etc.

(g) The following abbreviations of common terms should be used:

1. Kwh. for Kilowatt-hour.
2. Kw. for Kilowatt.
3. Kva. for Kilovolt-ampere.
4. B.T.U. for British Thermal Unit.
5. C.P. for Candle Power.
6. H.P. for Horse Power.
7. Cu.ft. for cubic feet.
8. Gal. for gallons.
9. A.C. for alternating current.
10. D.C. for direct current.
11. V. for volt or volts.
12. Amp. for ampere or amperes.
13. Ph. for phase.
14. Cy. for cycles.

Any other abbreviations used in any schedule or rate shall be defined in the schedule.

[fol. 151] 3. Form and Arangement of Schedules

Schedules shall be filed for each municipality or other community or rate area, whether such community is or is not incorporated, a separate schedule being filed for each class of each kind of service rendered. Schedules shall be typewritten or printed on forms to be furnished by the Department on the application of the utility. Schedules shall be submitted in duplicate at least 30 days before their proposed effective date. Schedules shall be numbered consecutively

for each kind of service for each community, beginning with Schedule Number 1. Example: For electric service Schedule 1, Schedule 2, etc.; Gas Service Schedule 1, Schedule 2, etc. Schedules shall be numbered in the following order for various classes of service: Residence Service Schedule 1; Commercial Service Schedule 2; other classifications following in consecutive order. Where more than one rate or tariff is available to any classification of service, any such subschedules or optional schedules shall be identified under the general schedule number and further identified by a letter suffix. Example: Residence lighting Schedule 1; Residence heating and cooking Schedule 1A; Residence combined lighting, heating and cooking Schedule 1B; Residence off-peak water heating Schedule 1C; etc. Where rates are optional, the schedule shall clearly indicate the optional feature.

The file of schedules for each locality and kind of service shall consist of (a) Title Sheet (Form 201), on which the rate area shall be definitely described. If sufficient space is not available on the title sheet for this description, then the title sheet shall show the name of the city or other community and bear the notation, "Rate area described in detail on succeeding sheet." Use Form 204 for succeeding sheet; (b) Index Sheet (Form 202); (c) Schedule of Standard Terms and Conditions, or Rules and Regulations (including practices regarding deposits to secure payment of bills) applying to all rate schedules, showing whether applicable to electric service, gas service, etc., or all service (Form 205); (d) The rate schedules (Forms 203 and 204); (e) The utilities standard form of contract for each schedule, and (f) Copies of special contracts as required in rule 5 herein.

[fol. 152] 4. Each schedule shall embody the following features unless they are not applicable to the kind, character or classification of service to which the schedule is applicable:

(a) The kind of service. (Whether gas, electric, telephone, water, etc.)

(b) The class of service. (Whether residence, commercial, etc.)

(c) Availability of service. (Defining the classification of premises or customers to which the service is available.)

(d) The character of service. (Where applicable—such as service voltage, phase and frequency of electric supply; the heating value of gas supply, etc.)

(e) The Rate. (Statement of rate to be charged, including definitions of any special terms and a statement of the method of determining special factors.)

(f) Minimum Charge.

(g) Terms of Payment. (1) Definition of various discounts available under the schedule, each being separately set out and defined; (2) period after which charges become delinquent; (3) practice with reference to charges for restoring discontinued service provided that this feature need not be separately enumerated if covered in general Rules and Regulations or Terms and Conditions.

(h) Special Conditions. (A statement of special conditions required to be conformed to by customer before schedule is applicable.)

(i) Term of Contract. (The minimum period for which service will be rendered under the schedule.)

5. Any special contracts, rates or agreements, whether verbal or written, not generally applicable in the community shall be filed as a part of the schedules of the community. The requirements of this rule will be complied with by submitting copies of any such contracts, together with all supplemental agreements or correspondence in which any of the original terms are changed. Such contracts, etc., shall be [fol. 153] numbered Schedule Special 1, Special 2, etc., for each community. Copies shall be on 8½" x 11" paper, bound and printed or typewritten, allowing at least 1" margin on left edge of paper.

It is the intention of this rule to require the filing of all rates, contracts or systems of charging for any class or kind of service not otherwise required.

6. The law affirmatively imposes upon each utility the duty of filing with the Department all its schedules of rates, as prescribed in the law, or any rule relative thereto which may be announced by the Department, under penalty for failure so to do. The Department will give such consistent assistance as it can in this respect, but the fact that the receipt of rate schedule is acknowledged by the Department, will not serve or operate to excuse the utility from responsibility or liability for any violation of the law or of any ruling lawfully made thereunder which may have occurred in connection with the construction or filing of such rate schedule.

7. Thirty days' notice to the Department is required as to every publication relating to changes in rates or service ex-

cept where publications are made effective on less than statutory notice by permission, regulation or requirement of the Department.

8. Except as is otherwise provided herein, no schedule will be accepted for filing unless it is delivered to the Department free from all charges or claims for postage, the full thirty days' required by law before the date upon which such schedule is stated to be effective. No consideration will be given to or for the time during which a schedule may be held by the postoffice authorities because of insufficient postage. When a schedule is issued and as to which the Department is not given the statutory notice, it is as if it had not been issued, and a full statutory notice must be given of any reissue thereof. No consideration will be given to telegraphic notices in computing the thirty days' notice required. In such cases the schedule will be returned to the sender, and correction of the neglect or omission cannot be made which takes into account any time elapsing between the [fol. 154] date upon which such schedule was received and the date of the attempted correction. For rate schedules issued on short notice under special permission of the Department, literal compliance with the requirements for notice named in any order, regulation, or permission granted by the Department will be exacted.

9. The utility shall keep copies of all schedules filed with the Department subject to public inspection at its general office and at each branch office or other place of business in the territory wherein the rates are applicable.

10. All schedules filed with the Department shall be accompanied by (a) letter of transmittal, (b) satisfactory proof showing that all schedules have been filed with the City or Town Clerks where such schedules are applicable or to be applicable; and shall be addressed to State of Arkansas, Department of Public Utilities, Little Rock, Arkansas.

11. The foregoing rules may be amended at any time by the Department.

Ordered: 2. That under and by virtue of the authority conferred upon this Department, every public utility within the State of Arkansas is hereby directed and required, not later than June 1, 1935, to have on file with this Department,

such schedule of all rates, rentals and charges of whatever nature made by such public utility, for each and every kind of service which it renders as were in force on April 3, 1935.

Ordered: 3. That under and by virtue of the authority conferred upon this Department, every public utility is hereby directed and required, on and after June 1, 1935, to publish all of its schedules of rates with this Department, as follows:

1. To keep all of its schedules of rates established and filed with this Department and in its main or principal operating office and in each division office which is now or may hereafter be established.

2. To keep at each of its branch business offices, where contracts for service are made or payment for customers' service is received, copies of all of its established schedule of rates which apply within the area served.

[fol. 155] 3. That all schedules of rates kept as aforesaid shall be at all times during business hours, readily accessible to the public and shall be immediately produced for inspection upon the demand of any person. That such production for inspection shall be accompanied by such assistance on the part of the proper representative of the public utility having such schedule to determine accurately the rate or charge applicable to any particular kind of utility service.

Ordered: 4. That this order shall take effect on this date, and that the Secretary of the Department forthwith serve on each public utility affected thereby, a certified copy of this order.

Ordered: 5. That every such public utility be and hereby is required to notify this Department within five days after the receipt of a certified copy of this order, whether the terms of this order are accepted and will be obeyed.

* * * * * * *

STATE OF ARKANSAS, OFFICE OF DEPARTMENT OF PUBLIC UTILITIES

Take Notice of an order of which I certify the foregoing is a true copy, this 13th day of April, 1935.

Bernice C. Gentry, Secretary. (Seal.)

[fol. 156] EXHIBIT No. 4

Arkansas Louisiana Gas Company

Transmission and Distribution Data

Summary by Class of Consumer

Consumer's—Meters—M. C. F. Gas

Class of Consumer by Lines	No. of Consumers	No. of Meters	M. C. F. Gas Base: 8 oz. Above 14.4 Lb. At.
Company Owned Distribution Systems			
Line "A"	39	48	456,531
" "C"	...	...	.....
" "H"	4	4	16,627
" "K"	10	10	29,808
" "E"	1	1	71
Texarkana	1	1	28,205
Total	55	64	531,242
Industrial Customers			
Line "A"	9	22	182,060
" "C"	...	...	.....
" "H"	10	10	173,883
" "K"	14	14	366,666
" "E"	7	13	46,213
Total	40	59	768,822
Rural Customers			
Line "A"	76	86	677
" "C"	2	2	3
" "H"	155	99	572
" "K"	79	75	318
" "E"	6	5	353
Total	318	267	1,923
Foreign Owned Distribution Systems			
Line "A"	1	3	56,037
" "C"	...	...	.....
" "H"	...	...	.....
" "K"	1	1	8,960
" "E"	...	...	.....
Total	2	4	64,997
Grand Total	415	394	1,366,984

[fol. 157] Arkansas Louisiana Gas Company
Transmission and Distribution Data
Analysis of Transmission Main Taps—In Use as of September 1935
Basis: Lines and Classes of Consumers

Classification	Taps On Main	Sub.	Aux.	Total
Summary All Transmission Main Taps				
Line "A"	51	60	30	141
" "C"	2	...	...	2
" "H"	18	55	44	117
" "K"	25	50	24	99
" "E"	9	10	4	23
" "C" in Texas—Texarkana	1	...	...	1
Total all Transmission Taps	106	175	102	383
Summary Transmission Main Taps Assigned Direct to Consumer Company Owned Distribution System Taps				
Line "A"	1	27	11	39
" "H"	...	...	4	4
" "K"	...	5	5	10
" "E"	...	1	...	1
" "C" in Texas—Texarkana	1	...	...	1
Total	2	33	20	55
Rural Domestic Consumer Taps				
Line "A"	18	13	18	49
" "C"	2	...	...	2
" "H"	14	36	30	80
" "K"	11	30	9	50
" "E"	2	3	...	5
Total	47	82	57	186
Industrial Consumer Taps				
Line "A"	...	8	1	9
" "H"	...	3	7	10
" "K"	2	4	8	14
" "E"	1	2	4	7
Total	3	17	20	40
Foreign Owned Distribution System Taps				
Line "A"	...	1	...	1
" "K"	...	1	...	1
Total	...	2	...	2
Total Taps Assigned to Consumers	52	134	97	283
Taps Not Assigned Direct to Consumer	54	41	5	100
Total All Transmission Main Taps	106	175	102	383

(Here follows 1 photolithograph, side folio 157½)

BLANK

PAGE


CRAWFORD
FRANKLIN
JOHNSON
VAN BUREN
CLEBURNE
POPE
CONWAY
LOGAN
SEBASTIAN
FAULKNER
WHITE
YELL
PERRY
SCOTT
PULASKI
LONOKE
SALINE
GARLAND
POLK
MONTGOMERY
HOT SPRINGS
JEFFERSON
GRANT
PIKE
CLARK
HOWARD
SEVIER
DALLAS
CLEVELAND
LINCOLN
LITTLE ROCK
NORTH LITTLE ROCK
CONWAY
PINE BLUFF
LOUISIANA

SEVIER

OKLAHOMA

TEXAS

RED RIVER

LITTLE RIVER

HEMPSTEAD

NEVADA

DALLAS

CLEVELAND

LINCOLN

OUACHITA

BRADLEY

DREW

CALHOUN

BOWIE

MILLER

TITUS

FRANKLIN

MORRIS

CASS

LAFAYETTE

COLUMBIA

UNION

SEE ENLARGED SECTION

ENLARGED SECTION
EL DORADO DISTRICT

ARKANSAS

LOUISIANA

MARION

UPSHUR

HARRISON

BOSSIER

WEBSTER

CLAIBORNE

UNION

MOREHOUSE

CADDO

LINCOLN

OUACHITA

RICHLAND

BIENVILLE

MILLS COMPRESSOR STA.

SPRINGHILL COMPRESSOR STA.

ROGERS COMPRESSOR STA.

PINE ISLAND COMPRESSOR STA.

DAWES COMPRESSOR STA.

ELM GROVE COMPRESSOR STA.

ADAMS COMPRESSOR STA.

MUNCE COMPRESSOR STA.

TREES COMPRESSOR STA.

ENGINEERING DIVISION
ARKANSAS DEPARTMENT OF PUBLIC UTILITIES

ARKANSAS LOUISIANA GAS CO.
PIPELINE SYSTEM

APPROX SCALE 1" = 8 MILES

157½

BLANK

PAGE

[fol. 158] EXHIBIT No. 5—HAMILTON

12-18-35 BS

Pressure on Main Transmission Lines at Hot Springs and Pine Bluff During the Month of September, as Taken From Recording Chart on the High Side of the Arkansas Louisiana Gas Company's Regulators.

Hot Springs

Month	Period Covered	Pressure	
		Low	High
September	1-6	110	176
"	6-14	113	174
"	14-21	99	168
"	21-28	100	172
"	28-30	98	165
Pine Bluff			
September	1-6	111	180
"	6-13	114	177
"	13-20	109	163
"	20-27	100	178
"	27-30	118	167

[fol. 159] BEFORE DEPARTMENT OF PUBLIC UTILITIES, STATE OF ARKANSAS

Citation of Arkansas-Louisiana Gas Company in the Matter of Regulations Prescribing the Form, Governing the Filing and Publishing of Schedules of Rates of Public Utilities

STIPULATION OF FACTS

In this cause it is stipulated and agreed between the Arkansas-Louisiana Gas Compa.., and the Department of Public Utilities as follows:

1. Attached hereto and made a part hereof is a copy of contract marked Exhibit "A" between Arkansas Power & Light Company and the Arkansas-Louisiana Pipe Line Company providing for the furnishing of natural gas to the generating plants of the Arkansas Power & Light Company at Little Rock and Pine Bluff for the months of May to November, both inclusive, of each year.

Also contract marked Exhibit "B" between Arkansas-Louisiana Gas Company and Arkansas Power & Light Company providing for the furnishing of natural gas to the

power plant of the Arkansas Power & Light Company at Pine Bluff, Arkansas for the months of November to April, both inclusive, of each year.

There is also a contract exactly similar to the contract marked Exhibit "B" between the same companies providing for the furnishing of natural gas to the power plant of the Arkansas Power & Light Company at Little Rock for the months of November to April, both inclusive, of each year.

2. Attached hereto and made a part hereof are copies of contracts under which the Arkansas-Louisiana Gas Company furnishes natural gas to the Little Rock Gas & Fuel Company, Camden Gas Company and Consumers Gas Company for resale and distribution by said companies respectively at Little Rock, Camden and Hot Springs, Arkansas. Said contracts are marked respectively Exhibits "C", "D" and "E" hereto.

3. Attached hereto and made a part hereof, and marked Exhibits "F", "G", "H", "I", "J", "K", "L", "M", "N", "O", "P", "Q", and "R" are summaries of contracts under which the Arkansas-Louisiana Gas Company [fol. 160] furnishes natural gas to the particular industry named in each respective exhibit. Following is the name of the industry with the letter of the alphabet set opposite such name designating the particular exhibit in which the contract with said industry is summarized.

Exhibit "F" Arkansas Portland Cement Company,
Exhibit "G" Southern International Paper Company,
Exhibit "H" Houston Oil Company of Texas,
Exhibit "I" Root Refining Company,
Exhibit "J" Magnolia Petroleum Company,
Exhibit "K" Titanium Corporation of America,
Exhibit "L" Berry Asphalt Company
Exhibit "M" Republic Mining and Manufacturing Company,
Exhibit "N" Norton Company,
Exhibit "O" Arkansas Bauxite Corporation,
Exhibit "P" Lion Oil Refining Company,
Exhibit "Q" J. C. Buckbee, Trustee,
Exhibit "R" Standard Oil Company of Louisiana.

4. Each of the industrial customers of the Arkansas-Louisiana Gas Company set out on Exhibits "V" and "W" hereto not mentioned in the exhibits described in paragraphs

1, 2 and 3 of this stipulation are supplied with natural gas by the Arkansas-Louisiana Gas Company under contracts similar in substance and form to some one of the contracts summarized in exhibits attached hereto and marked "F" to "R", both inclusive. The only difference in the contracts not summarized and those summarized is in the name of the parties, the rate to be paid for gas, the points and places of delivery, and the amount of the minimum bill or charge.

5. Attached hereto and made a part hereof and marked Exhibit "S" is a copy of the terms and conditions included in all of the contracts described in paragraphs 3 and 4 hereof, said terms and conditions not being set forth in the summaries aforesaid.

[fol. 161] 6. Since the taking of testimony in this cause the Arkansas-Louisiana Gas Company has filed with the Department, in compliance with General Order No. 13 issued by the Department of Public Utilities on April 13, 1935 and filed in this proceedings as Exhibit No. 1, copies of the contracts between it and the Arkansas Western Gas Company and the Empire Southern Gas Company, the latter company serving gas to a distribution system at Clarksville, Arkansas. The gas sold and delivered under these two contracts is produced, transmitted and delivered in Arkansas. On Exhibits "V" and "W" hereto the name of Tooke & Reynolds appears instead of Empire Southern Gas Company. The latter company is successor to Tooke & Reynolds.

7. Attached hereto and marked Exhibit "T" is a statement showing the high and low pressure for the month of September, 1935 at each of the compressor stations of the Arkansas-Louisiana Gas Company. The pressure shown in this exhibit is typical of the pressure throughout the year upon the lines mentioned in the exhibit.

8. Attached hereto and marked Exhibit "U" is a statement showing the loss or gain of industrial customers by the Arkansas-Louisiana Gas Company in Arkansas between July 31, 1935 and December 1, 1935.

9. Attached hereto and marked Exhibit "V" is a list of industrial customers in Arkansas served during the month of July, 1935 by Arkansas-Louisiana Gas Company from what the said Company calls its transmission lines. This statement shows the name of the customer, the character of the industry and its location, the number of the contract,

the number of the meter, and the number of the line respectively under, through or from which the service is rendered.

10. Attached hereto and marked Exhibit "W" is a list of industrial customers in Arkansas served during the month of December, 1935 by Arkansas-Louisiana Gas Company from what the said Company calls its transmission lines. This statement shows the name of the customer, the character of the industry and its location, the number of the [fol. 162] contract, the number of the meter, and the number of the line respectively, under, through or from which the service is rendered.

11. Attached hereto and marked Exhibit "X" is a statement by J. E. Flanders, chief engineer of the Department of Public Utilities, making an explanation of the difference in Exhibits "V" hereof and Exhibit No. 4 introduced at the hearing held in this cause, of the number of the line from which connections to certain industrial customers are made.

12. Some of the contracts exhibited herewith in their original form or in a summarized form show that the seller therein is not the Arkansas-Louisiana Gas Company. In instances where this is true the seller mentioned in the contract is a predecessor of the Arkansas-Louisiana Gas Company, and that Company is now furnishing service under the several contracts as exhibited.

13. The use of the term "transmission lines" in the heading of Exhibits "V" and "W" hereto is not an agreement that any of the lines from which any of said customers on said exhibits is served, is a transmission line.

14. This stipulation, when filed with the Department of Public Utilities shall become a part of the record in the cause shown in the caption hereof now pending before the Department of Public Utilities.

This 17 day of March, 1936.

Department of Public Utilities, by J. E. Flanders, Chief Engineer. Arkansas-Louisiana Gas Company, by H. C. Walker, Moore, Gray, Burrow & Chowning, Attorneys.

(Only Exhibits D to R, inclusive, and Exhibits S to T, inclusive, attached to the foregoing stipulation are copied herein, the balance of said exhibits being excluded by agreement of counsel as immaterial.)

[fol. 163] EXHIBIT "D" TO STIPULATION

Contract of Sale of Gas

This Agreement, made and entered into on this the 17th day of October, 1927, at El Dorado, Arkansas, between the Natural Gas & Fuel Corporation, a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at El Dorado, Arkansas, hereinafter referred to as "Seller," and the Camden Gas Company, a corporation organized and existing under the laws of the State of Arkansas, with its principal place of business at Camden, Arkansas, hereinafter referred to as "Buyer," Witnesseth:

The Seller agrees to sell, and the Buyer agrees to buy all of the natural gas which the Buyer requires to fulfill its obligations under its franchise for furnishing gas to the consumers within the City of Camden, Arkansas, and for consumers which it may supply in any territory lying and being within two miles of the city limits of the City of Camden, Arkansas, as they now exist, according to the following terms, conditions and qualifications:

I

The gas sold hereunder shall be delivered by the Seller into the pipe line of the Buyer at a point near the junction of the Camden-El Dorado and the Camden-Mt. Holly roads, which is approximately one and one-half miles south of the corporate limits of the City of Camden, Arkansas, this point being the end of the Buyer's present pipe line. The Seller shall always maintain at said point of delivery sufficient pressure of gas to enable the Buyer to distribute the gas which the Seller is obligated to deliver under this contract, to its consumers within the City of Camden, Arkansas, by means of said pressure, provided, however, that the Seller shall never be required to maintain more than fifty pounds pressure at that point.

II

The gas delivered from the line of the Seller into the line of the Buyer shall be metered through an orifice meter, or meters, of standard type to be installed by the Seller at [fol. 164] its expense, and the volume shall be computed according to Boyle's Law for the measurement of gas on the basis of eight ounces pressure above atmospheric pressure.

For the purpose of this agreement, atmospheric pressure shall be deemed to be 14.4 pounds per square inch continuously at the meter, or meters, through which gas is delivered, and the temperature at said meter or meters shall be deemed to be sixty degrees Fahrenheit continuously.

III

The Seller shall install a suitable regulator to regulate the pressure of the gas before it passes through the meter, or meters, above mentioned, which regulator shall be under the control of both the Buyer and the Seller, for the purpose of maintaining such pressure as may be deemed suitable for the proper delivery of gas into the distributing system of the Buyer, not to exceed, however, fifty pounds.

IV

The Buyer shall keep an accurate record of the gas it sells to commercial consumers and industrial consumers each month during the term of this agreement. Commercial consumers, for the purposes of this agreement, shall be construed to be public hospitals, churches, public schools and hotels, and industrial consumers shall be construed to be all industrial consumers classified as such under the present franchise of the Camden Gas Company, with the exception of hotels.

During the first year of the existence of this agreement, the Buyer shall pay the Seller for gas as follows:

(a) For gas delivered by the Seller and sold by the Buyer to commercial consumers, twenty-one (21¢) cents per thousand cubic feet.

(b) For all gas delivered by the Seller to the Buyer and sold by the Buyer to industrial consumers for fifteen (15¢) cents, or less, per thousand cubic feet, nine (9¢) cents per thousand cubic feet.

[fol. 165] (c) For gas delivered by the Seller to the Buyer and sold by the Buyer to industrial consumers for more than fifteen (15¢) cents per thousand cubic feet, ten (10¢) cents per thousand cubic feet.

(d) For all other gas which the Seller delivers into the Buyer's pipe line, the Buyer shall pay the Seller twenty-two and one-half (22½¢) cents per thousand cubic feet.

For the remainder of the term of this agreement, after the expiration of the first year of its existence, the Buyer shall pay the Seller for gas as follows:

(a) For gas delivered by the Seller and sold by the Buyer to commercial consumers, twenty-two and one-half (22½¢) cents per thousand cubic feet.

(b) For gas delivered by the Seller and sold by the Buyer to industrial consumers, twelve (12) cents per thousand cubic feet.

(c) For all other gas delivered by the Seller into the Buyer's pipe line, twenty-five cents per thousand cubic feet.

It is agreed between the parties, however, that, if at any time they both desire industrial gas to be sold by the Buyer to any particular consumer within the City of Camden, or within two miles of its present city limits, at a price of ten (10) cents per thousand cubic feet, or less, during the first year of the existence of this agreement, or for a price of thirteen (13) cents, or less, thereafter during the existence of this agreement, with the mutual consent of the Buyer and the Seller, this gas may be sold by the Buyer to that particular consumer at such a price and, for gas so sold, the Buyer shall pay the Seller a price per thousand cubic feet one cent less than the price per thousand cubic feet at which that particular gas is sold by the Buyer.

V

Payment for gas delivered to the Buyer shall be made not later than the 20th day of each month for gas delivered during the previous calendar month, and the Buyer's failure [fol. 166] to pay the charge for gas delivered during any month for more than ten days after said charge is payable, shall be a material breach of this agreement.

On or about the first day of each month, the Buyer shall give the Seller a statement of the gas sold by it to industrial and commercial consumers, showing the volume of gas sold to each and, upon the receipt of this statement, the Seller shall render the Buyer an invoice for gas delivered during the previous month, which invoice shall be accompanied by a statement showing the daily meter readings, and by the meter charts for each day of the month for which the charge is made.

The Seller shall have the right to inspect the sale records of the Buyer at any time during the Buyer's office hours,

for the purpose of verifying the correctness of the statement given to it of the sale of gas made by the Buyer, and the Seller shall also have the right to inspect any meter through which the Buyer is delivering gas to industrial consumers. Such inspections may be made by the Seller as frequently as it desires, at any time during the Buyer's office hours.

VI

The Buyer shall have access to the meter, or meters, by which the Seller is delivering gas to it, and a joint inspection of said meter, or meters, shall be made by a representative of the Seller and a representative of the Buyer on or about the first and fifteenth day of each calendar month. The said inspectors examining said meters shall make a written report to the Buyer and to the Seller of the condition in which the meter is found, said report being signed by each inspector and, if their report shows that the meter is registering the gas passing through it within two per cent of accuracy, the meter shall be deemed to be accurate, and said report shall be final as to the accuracy of the meter charts showing the amount of gas passing through said [fol. 167] meter, or meters, since the last inspection date. If a meter through which gas is being delivered hereunder is found to be inaccurate, upon the joint inspection of it by the parties hereto, the amount of gas passing through that meter for the ten days prior to the date upon which the inaccuracy in the meter is discovered shall be corrected according to the percentage of inaccuracy found to exist in the meter, unless there has been a previous joint inspection of said meter during the previous ten days, in which event, the correction shall be made for the period since the date of the last joint inspection at which the meter was found to be accurate. If any meter is found to be inaccurate, it shall be immediately repaired by the Seller, so as to accurately meter gas passing through it, or an accurate meter shall be substituted for it.

It is further agreed that the Buyer shall sell gas to its industrial and commercial consumers under the same agreement or regulation as to the inspection of meters through which said gas is being delivered, and as to corrections in the amount of gas shown to have passed through said meters. The reports of such inspections shall be available for the Seller's inspection at any time.

VII

Notwithstanding any other provision in this agreement, it is expressly agreed between the parties:

(a) The Buyer agrees that it will purchase from the Seller a minimum of 125,000,000 cubic feet of gas, for sale to domestic and commercial consumers, during each year of this agreement, in addition to the gas taken by it for resale to industrial consumers. The Buyer shall pay for domestic and commercial gas, from month to month, according to the foregoing provisions, as it is delivered, and if, at the end of any yearly period, it is ascertained that the Buyer has not taken 125,000,000 cubic feet of gas for sale to domestic and commercial consumers during that period, it shall pay the Seller the difference between the sum paid for gas taken, [fol. 168] during that period, at the domestic and commercial rate, and $30,625.00.

The first of said yearly periods shall begin with the date of the execution of this instrument, and, if this agreement terminates before the expiration of any yearly period, the Buyer shall make settlement under the provision of the minimum agreement, contained in the paragraph immediately preceding, on a pro rata basis, for the period of time which this agreement extends beyond the last full yearly period.

It is further agreed, however, that if, during any yearly period, of the existence of this agreement, the Buyer has continuously used, or has been continuously ready and willing to use, its entire distributing system within the City of Camden for the sale of domestic, industrial and commercial gas, and if, during that period, some other person has sold gas for domestic and commercial purposes within said city, continuously for thirty days, by authority of law, and if the selling of gas by such a competitor has been the cause of the Buyer's being unable to sell as much as 125,000,000 cubic feet of gas for domestic and commercial purposes during that yearly period, the Buyer shall be relieved of the obligations of the domestic and commercial gas minimum, provided in the first paragraph of this sub-paragraph, for that particular yearly period only.

(b) It is expressly agreed between the parties hereto that the Seller shall not be required to furnish to the Buyer

more than 2,000,000 cubic feet of gas per day, averaged over each calendar month, or more than 2,400,000 cubic feet of gas in any one day, or more than 150,000 cubic feet in any one hour, for resale for all purposes, unless the Buyer's domestic consumption alone exceeds these maximum amounts, in which event, the Seller will furnish all of the gas which the Buyer needs for domestic consumers.

[fol. 169] The Buyer agrees that it will use the gas delivered to it under the terms of this agreement first for supplying the demands of its domestic consumers, and agrees that the Seller shall not be required to deliver more than 1,000,000 cubic feet of gas daily, averaged over each calendar month, nor more than 1,200,000 cubic feet of gas in any one day, nor more than 75,000 cubic feet of gas in any one hour, for resale to industrial consumers, when gas is available for supplying such industrial consumers under the terms of this paragraph.

The Buyer further agrees that the Seller shall not at any time be required to deliver to the Buyer during any one day, for resale to industrial consumers, more than one hundred twenty (120%) per cent of the average daily demand for industrial gas during that particular month, nor shall the Seller be required to deliver gas for sale to industrial consumers in any one hour in excess of seven and one-half per cent of the average daily demand of industrial gas during that month.

The Buyer further agrees that it will give the Seller thirty days written notice before it connects to its distributing system any new industrial consumer who shall use more than 50,000 cubic feet of gas in any one day, and will give the Seller a similar notice of any such increase in the consumption of any industrial consumer already served by it.

(c) It is further agreed that if the Buyer has any new demand for gas to be sold to industrial consumers in excess of the amount of gas the Seller is obligated to deliver under the terms of this agreement, in each case the Buyer shall make a written request upon the Seller at its office in El Dorado, Arkansas, to supply the excess of industrial gas desired, which demand shall contain information as to the amount of gas desired and conditions under which it shall be delivered, and shall allow the Seller to furnish any portion of that excess gas at the regular price for industrial gas. The Seller shall respond to said demand in

writing, delivered to the Buyer's office at Camden, Arkansas, within five days of the receipt of the request. If [fol. 170] the Seller does not desire to furnish any portion of the additional gas demanded for industrial purposes, the Buyer may obtain the gas demanded in that particular case elsewhere.

VIII

The Seller shall not be liable to the Buyer for temporary interruptions in the supply of gas, which interruptions are caused by breaks or leaks in one of the Seller's lines, or by stoppages in one of the Seller's lines, caused by water, ice, scale, oil or other foreign substances, it being intended that the Seller's duty in this respect shall be only that of using reasonable care to maintain its line and gas pressure therein in accordance with the foregoing conditions, in such a manner that the gas supply of the Buyer shall be uninterrupted.

The gas delivered by the Seller under the terms hereof shall be natural gas, and of such quality as the Buyer is required to use for distribution under the terms of its franchise for the city of Camden, Arkansas, under which it is operating on this day.

IX

The Seller agrees that it will not sell gas to any consumer, or prospective consumer, for consumption within the city limits of the City of Camden, Arkansas, as they now exist, or in any territory lying and being within two miles of said city limits, as they now exist, during the existence of this agreement, so long as the Buyer is supplying any such consumer with gas which the Buyer purchases from the Seller, or is able and willing to furnish such consumer, or prospective consumer, with such gas, at a price which said consumer is willing to pay.

X

This agreement shall extend from the date of its execution to the first day of May, 1932, and so long thereafter as the Seller is transporting gas to Union County, Arkansas, through that certain ten inch gas line extending from a [fol. 171] point in Richland Parish, Louisiana, to Orears, Arkansas, which line the Seller now has under lease from the Continental Supply Company, either under the provisions of that lease, or under any other legal situation which

gives the Seller the right to transport gas through that line, or so long thereafter as the Seller is transporting gas from Richland or Ouachita Parish, Louisiana, to Union County, Arkansas, through any other line substituted for the above described line by the Continental Supply Company, upon the line now used being converted into an oil line, not to exceed, however, the maximum period of ten years from the date of this agreement.

XI

That certain contract for sale of gas, entered into by the Natural Gas and Fuel Corporation, as Seller, and the Camden Gas Company as Buyer, on the 16th day of March, 1926, by which the Seller agreed to sell and the Buyer agreed to buy the gas required by the Buyer to fulfill its obligations under its gas franchise at Camden, Arkansas, is hereby rescinded, and shall, from the date of the execution of this agreement, be void and of no effect, and each party hereto acknowledges that the other party has complied with all the terms of said agreement, excepting that there now remains due to the Seller from the Buyer the purchase price of gas delivered during the past few weeks.

This agreement shall be binding upon the parties hereto, and the successors, representatives, or assigns of either of them.

In Witness Whereof, this instrument is executed in duplicate originals on this the 17th day of October, 1927.

Natural Gas and Fuel Corporation, by (S) Howard F. Nash, Vice-President, Seller.

Attest: (S) J. Zeppa, Secretary.

Camden Gas Company, by (S) J. R. Cullinaue, President, Buyer.

Attest: (S) Wyley Elliott.

[fol. 172] EXHIBIT "E" TO STIPULATION

STATE OF LOUISIANA,
Parish of Caddo:

Amendment to Town Border Gas Contract Between Arkansas Louisiana Pipeline Company and Consumers Gas Company

Whereas Arkansas Louisiana Pipeline Company, party of the first part, is selling gas to Consumers Gas Company,

party of the second part, at the town border of Hot Springs, Arkansas, at rates and terms set forth in a certain town border contract dated April 1, 1931; and whereas said parties have agreed upon a modified rate for a certain period of time for such gas as Consumers Gas Company shall purchase from Arkansas Louisiana Pipeline Company and resell to United States Transient Hospital which will be located on East Grand Avenue near the city limits of Hot Springs, Arkansas,

Now These Presents Witness That:

1. For the purpose of furnishing gas to the said Hospital, the Consumers Gas Company will connect the said Hospital to its gas system by laying approximately 4,000 feet of four-inch pipe and 986 feet of two-inch pipe and converting approximately 2000 feet of the present two-inch low pressure line to a high pressure line, the cost of which connection is estimated at approximately Four Thousand Five Hundred ($4,500.00) Dollars. Consumers Gas Company upon completion of said connection will furnish Arkansas Louisiana Pipeline Company with detailed statement of actual direct construction cost of said connection.

2. The Consumers Gas Company will pay the Arkansas Louisiana Pipeline Company thirty-nine cents per m.c.f. for the first two hundred thousand cubic feet of gas consumed in any one monthly period by said Hospital, the present contract rate; and eighteen cents per m.c.f. for all gas consumed by said Hospital over two hundred thousand cubic feet per month, this being four cents per [fol. 173] m.c.f. less than the present contract rate for such gas. Four cents per m.c.f. on the monthly gas consumption of said Hospital over two hundred m.c.f. are to be applied to the liquidation of fifty per cent of the actual direct construction cost to serve said Hospital. After fifty per cent of said construction cost shall have been thus reimbursed to Consumers Gas Company, then and thereupon the rate set forth in the above mentioned town border contract shall apply.

3. Arkansas Louisiana Pipeline Company will guarantee that Consumers Gas Company will receive, from the difference in the cost price of said gas in excess of 200,000 cubic feet per month and the sales price of such gas received by Consumers Gas Company from said Hospital, at

least fifty per cent of the actual direct construction cost of said extension to said Hospital; provided that if the said Hospital discontinues gas service, the aforesaid connecting pipeline to the said Hospital will be salvaged and Consumers Gas Company will pay to Arkansas Louisiana Pipeline Company fifty per cent of the net salvage value after cost of reclaiming.

In testimony whereof, the parties have caused these presents to be executed this December 31st, 1934.

Arkansas Louisiana Pipeline Company, by D. W. Harris, Vice President. Consumers Gas Company, by S. E. Dillon, General Manager.

[fol. 174] State of Louisiana,
Parish of Caddo:

This Contract, made and entered into this First day of April, A. D., 1931, by and between the Arkansas-Louisiana Pipeline Company, a Corporation of the State of Delaware, (hereinafter for convenience termed the "Pipeline Company"), and the Consumers Gas Company, a Corporation of the State of Arkansas (hereinafter for convenience termed the "Distribution Company"), Witnesseth:

That, Whereas, the Pipeline Company is the owner of a large number of leases of acreage productive of gas, and of gas purchase contracts, and of pipe lines for the transportation thereof and is engaged in the business of purchasing and producing natural gas for transportation and sale to its various customers in the States of Louisiana, Arkansas and Texas, and has a large organization skilled in developing, producing and marketing natural gas; and has been and is now operating a pipe line system through which it has been and is now furnishing natural gas to the Distribution Company, and its predecessors, for distribution to the City of Hot Springs, Arkansas, and to and among its patrons and consumers within said city and its environs under certain contract dated January 31, 1911; and

Whereas, said contract is based on a division of the proceeds collected by the Distribution Company from its consumers and said parties desire to cancel said contract and to enter into a new contract based on "City Gate" or "Town Border" rates, under which the Pipeline Company sells to the Distribution Company, and the Distribution Company purchases from the Pipeline Company, natural

gas for sale and distribution to said city of Hot Springs, Arkansas, and its environs.

Now Therefore, it is, for and consideration of the promises and the covenants, agreements, stipulations and conditions of these presents on their respective parts to be done, paid, kept, observed or performed that the parties [fol. 175] hereto have covenanted, promised and agreed, and by these presents do covenant, promise and agree to and with each other, and each for their respective parts in manner following, that is to say:

First. That the Distribution Company shall, commencing April 1st, 1931, for a period of ten (10) years, purchase, take and pay for its supply of natural gas from the Pipeline Company, and the Pipeline Company shall supply, furnish and deliver to the Distribution Company, subject to such interruptions as are usual in the conduct of the business of supplying natural gas, in the way and manner, and subject to conditions hereinafter set forth, all the natural gas which the Distribution Company may need for the supply of the city of Hot Springs, and of its patrons and consumers within the limits of said city and its environs.

Second. That the Pipeline Company shall maintain and operate its existing main pipe line to transport and deliver all the natural gas which the Distribution Company may need (subject to the conditions and limitations hereinafter contained), for its consumers in the territory above mentioned, at a pressure of not less than twenty (20) pounds at its point of delivery at Hot Springs, with adequate and necessary gathering lines and compressor stations, having a terminus as now located at or near the city limits of the City of Hot Springs, or some other point to be selected and agreed upon between said parties; and that the Pipeline Company shall constantly keep and maintain the said lines and said stations in good order, repair and condition for transportation and delivery of the natural gas to the Distribution Company, as herein agreed upon. No obligation shall rest upon the Pipeline Company to extend its lines to other territories or fields than those from which its present supply is obtained, or reasonably adjacent thereto or to procure gas from gas fields not contiguous or reasonably adjacent to its main line or branches or its existing sources of supply.

Third. The place of delivery of natural gas deliverable hereunder is at the outlet of the metering station as now installed by the Pipeline Company, at or near the city lim- [fol. 176] its of the said city of Hot Springs, as now located or hereafter to be selected, or through such other additional station or stations as the Pipeline Company may elect to have or employ. The Pipeline Company shall operate and maintain, at its own expense, said metering station, properly equipped with orifice meters and recording gauges, or such other type of meter or meters of standard style as may be mutually agreed upon, the measurements of which shall fix the total amount of natural gas delivered by the Pipeline Company into the Distribution Company's system.

The measuring equipment so installed by the Pipeline Company, together with any buildings erected by it for such equipment, shall be and remain its property. The distribution Company shall have access to said metering equipment at all reasonable times, but the reading, calibrating, and adjusting thereof and changing of charts shall be done only by the employees or agents of the Pipeline Company. Charts and records from such metering equipment shall remain the property of the Pipeline Company. Upon request of the Distribution Company, the Pipeline Company will submit to the Distribution Company records and charts from its metering equipment, together with calculations therefrom, for the Distribution Company's inspection and verification, subject to return by the Distribution Company, within ten (10) days after receipt thereof, after which return the charts and records shall be kept on file by the Pipeline Company for the mutual use of both parties. At least once each month, as near the first of the month as practicable, the Pipeline Company shall calibrate its meter in the presence of the Distribution Company's representatives, and the parties shall jointly observe any adjustments which are made in the meter should such adjustments be necessary, and, if the check meters hereinafter provided for have been installed, the same shall also be calibrated by the Distribution Company in the presence of representa- [fol. 177] tives of the Pipeline Company and any adjustments jointly observed should such adjustments be necessary. If either party at any time desires a test of any meter or if either party at any time observes a variation between the delivery meter and its check meter, if any

such check meter is installed, it will promptly notify the other party and the parties will then co-operate to secure an immediate calibration test and joint observation of any adjustments and the meter shall then be adjusted to accuracy and corrections jointly made for the monthly settlements. Each Company shall give to the other Company notice of the time of all tests of meters sufficiently in advance of the holding of the tests so that the other Company may conveniently have its representatives present. If, upon any test, any metering equipment is found to be inaccurate by two per cent (2%) or more, registrations thereof shall be corrected at the rate of such inaccuracy for any period which is definitely known and agreed upon, but in case the period is not definitely known and agreed upon, then for a period extending back one-half (½) of the time elapsed since the last date of calibration not exceeding, however, sixteen (16) days. Following any test, metering equipment found inaccurate shall immediately be restored as closely as possible to a condition of accuracy. If, for any reason, meters are out of service and/or out of repair so that the amount of natural gas delivered cannot be ascertained or computed from the reading thereof, the natural gas delivered through the period such meters are out of service and/or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available, using the first of the following methods which is feasible:

(a) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation.

(b) By using the registration of any check meter or meters if installed and accurately registered.

[fol. 178] (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.

The unit of measurement for the natural gas deliverable under this agreement shall be one thousand (1,000) cubic feet of natural gas at a base temperature of sixty (60) degrees Fahrenheit and at a base pressure of eight (8) ounces gauge pressure above fourteen and four-tenths (14.4) pounds atmospheric pressure and the readings and regis-

trations of the metering equipment herein provided for shall be computed into such units. For the purpose of measurement, the natural gas deliverable hereunder shall be assumed to obey Boyle's Law. If meters other than the orifice type are used, then in computing the readings and registrations of such metering equipment into the units above specified, the physical characteristics of the natural gas which affect such computations shall be given their due consideration and the determination of such physical characteristics shall be made by standard apparatus and methods and at such time and places as, in accordance with good practice, may be agreed upon from time to time between the delivering company and the receiving company. For meters of the orifice type, the following factors shall be given consideration:

(a) The specific gravity of the natural gas shall be determined twice monthly by joint tests as near the tenth (10th) and twenty-fifth (25th) of the month as practicable, or as much oftener as is found necessary in practice. The method of test used shall be by Edward's Balance or by such other method as shall be agreed upon by the parties. The regular tests on the tenth (10th) and twenty-fifth (25th) of the month shall determine the specific gravity to be used in computations for the measure of natural gas deliveries during the succeeding fifteen (15) day period, or until changed by special test, the special test to be applicable from the day made through the remaining days of such fifteen (15) day period.

[fol. 179] The Distribution Company may, at its option, and at its cost and expense, install and operate check metering equipment, but the metering equipment of the Pipeline Company shall be used for determining the amounts of natural gas delivered under this agreement. The check metering equipment so installed by the Distribution Company, together with any buildings erected by it for such equipment, shall be and remain its property. Whenever the point of delivery as specified herein is on the premises of the Pipe line Company, the Pipeline Company grants to the Distribution Company the right of free ingress and egress to such metering equipment at all times for the purposes of installation, operation, repair and/or removal. The check metering equipment and the method of installation of the same shall be of such standard type for the measurement of natural

gas as is approved by both companies, but the Distribution Company shall have the right to replace such equipment at any time with metering equipment of equal grade subject to the approval of the Pipeline Company as to type and method of installation. In the event check metering equipment is installed by the Distribution Company, the Pipeline Company shall have access to the same at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by employees or agents of the Distribution Company. Charts and records from said check metering equipment shall remain the property of the Distribution Company. Upon request of the Pipeline Company, the Distribution Company will submit to the Pipeline Company, records and charts from said metering equipment, together with calculations therefrom for the Pipeline Company's inspection and verification, subject to return by the Pipeline Company within ten (10) days after receipt thereof.

The Pipeline Company shall render to the Distribution Company on or before the eighth (8th) day of each month, a statement of the amount of natural gas delivered to the Distribution Company during the calendar month immediately preceding and of the amount of payment or payments then due from the Distribution Company to the Pipeline Company therefor at the agreed prices for natural gas used [fol. 180] or sold for industrial purposes and at the prices set forth in subdivision (b) of Article Fourth hereof for the remainder of the natural gas.

Fourth. The prices to be paid by the Distribution Company to the Pipeline Company for natural gas sold and delivered to the Distribution Company hereunder shall be as follows, beginning on the 1st day of April, 1931:

(a) For natural gas purchased by the Distribution Company from the Pipeline Company, for re-sale at net retail rates of less than thirty-nine (39¢) cents per thousand cubic feet, the price payable to the Pipeline Company shall be three (3¢) cents per thousand cubic feet less than the net retail rate per thousand cubic feet of the rate chargeable by the Distribution Company for such gas.

(b) For natural gas purchased by the Distribution Company from the Pipeline Company, other than that gas falling under the classification of sub-division (a) of this article,

the price payable to the Pipeline Company shall be thirty-nine (39¢) cents per thousand cubic feet.

Fifth. In order to keep account of the natural gas sold to the Distribution Company, at the prices set forth in sub-division (b) of Article Fourth hereof, and natural gas sold by the Distribution Company and paid for at agreed net rates less than (39¢) thirty-nine cents per thousand cubic feet, the Distribution Company, shall, on or before the first (1st) day of each calendar month, render statement to the Pipeline Company showing separately the quantity of natural gas consumed by each of the Distribution Company's consumers at net retail rates of less than thirty-nine (39¢) cents per thousand cubic feet, in the preceding calendar month. The quantities consumed by the Distribution Company's consumers at net rates less than thirty-nine cents (39¢) per thousand cubic feet each month shall be paid for by the Distribution Company to the Pipeline Company at [fol. 181] the agreed rates as set forth in sub-division (a) of Article Fourth hereof and on the basis of measurement applied by the Distribution Company to such consumers; such quantities, however, for the purpose of ascertaining the volume of natural gas delivered for consumers other than at net retail rates of less than thirty-nine (39¢) cents per thousand cubic feet in such calendar month, shall be computed at a pressure of eight (8) ounces above Fourteen and four-tenths (14.4) pounds average atmospheric pressure to the square inch, and upon such basis shall be deducted by the Pipeline Company from the total amount of natural gas registered in such calendar month by the Pipeline Company's measuring station through and at which gas is delivered into Distribution Company's line supplying such gas and the remainder shall be considered the amount of natural gas to be paid for to the Pipeline Company at the prices set forth in sub-division (b) of Article Fourth hereof. In these measurements, it is agreed that no allowance shall be made for leakage or for failure of the Distribution Company to collect from any of its consumers, or for the Distribution Company's allowance to consumers because of defective consumers' meters or meter readings, or for Distribution Company's allowances to churches, schools, colleges, orphanages, homes for children and charitable institutions maintained by the State, County, or City, or by any religious organization, public hospitals and

municipal buildings, it being the intention of the parties hereto that all natural gas delivered by the Pipeline Company to the Distribution Company and measured at the Pipeline Company's measuring station, shall be paid for by the Distribution Company to the Pipeline Company as above stipulated. The Distribution Company shall read all meters through which it measures natural gas sold at rates less than thirty-nine (39¢) cents per thousand cubic feet, as nearly as practicable at the hour of four o'clock in the afternoon on the twenty-fifth (25th) day of each calendar month and the Pipeline Company's meter or meters at the point or points of delivery to Distribution Company shall be [fol. 182] read by the Pipeline Company for the final reading each month as nearly as practicable at the same hour of such twenty-fifth (25th) day of such calendar month.

Sixth. The Distribution Company agrees to pay the Pipeline Company, at its office in Shreveport, Louisiana, on or before the twentieth (20th) day of the month, for said natural gas deliveries of the preceding month according to the natural gas measurements and computations at the prices hereinbefore provided for and billed on said monthly statement. Should the Distribution Company fail to pay any amount due from it to the other party when such amount is due, interest thereon shall accrue at six percent (6%) per annum from the date when such amount was due to the date of payment. If such failure to pay continues for sixty (60) days, then the Pipeline Company may suspend deliveries of natural gas, but the exercise of such right shall be in addition to any and all other remedies otherwise available to the Pipeline Company.

Seventh. The Distribution Company agrees to adopt and use every reasonable effort to secure from time to time in the City of Hot Springs, and its environs, a schedule of rates which will tend to stimulate sales of natural gas for house heating, as well as for cooking, laundry work and hot water heating, and to make every reasonable effort to increase and build up sales of natural gas.

Eighth. The Distribution Company agrees to keep proper books, records and accounts, according to approved methods, so as to reflect accurately and in detail the number of consumers and the quantity of gas sold to each consumer and each class of consumer, and the rates and charges, and

the gas, if any obtained by manufacturing or from sources other than the Pipeline Company, and the Pipeline Company shall have the right at all reasonable times to go upon the property of the Distribution Company and to make inspection and investigation of same as may be pertinent to a check up of the Distribution Company's classification of consumers and gas rights, charges and sales, and this shall include the right to inspect the Distribution Company's books, accounts, meters and records for such information [fol. 183] as may aid in an audit or settlement of accounts between the parties.

The Distribution Company shall install and maintain at all times during the continuance of this contract accurately registering meters to measure the Distribution Company's sales of gas to industrial consumers, and shall make inspection thereof regularly as is good practice in the operation of gas distribution and promptly make such repairs to or changes in meters as may be proper to maintain accurate measurements.

Ninth. The Distribution Company acknowledges that the production of natural gas from wells and the transportation thereof over long distanees are subject to accident, interruptions, diminution of pressure and failure of supply. The Pipeline Company, however, expressly agrees that it will exercise reasonable diligence and care to avoid any shortage or interruption of supply of natural gas hereunder, but it shall not be liable for any damage or loss that may be occasioned by any shortage or failure, or shortage of production of gas wells or fields, breakage or accident to lines or equipment, fires, strikes, riots, floods and other acts of whatever nature, due to causes beyond its control and interruptions by governmental or court orders.

The Pipeline Company shall only be bound to furnish natural gas to the full extent that it may be able to do so through the exercise of reasonable care and diligence in the procuring of natural gas from its gas wells and gas purchase contracts, and in the transportation thereof through its lines to the point of delivery and at such pressure and for such period of time as natural gas is available.

It is expressly agreed by the Distribution Company that the Pipeline Company may interrupt its service hereunder for the purpose of making necessary alterations and repairs to its pipe lines and compressing station equipment and

machinery, but only for such time as may be reasonable or unavoidable, and the Pipeline Company shall give to the [fol. 184] Distribution Company, except in case of an emergency, reasonable notice of its intention so to do, and shall endeavor to arrange such interruption so as to inconvenience the Distribution Company, and its consumers, as little as possible.

It is agreed that in case of shortage, either temporarily or permanently, of natural gas and necessity for curtailment of service to any classes of consumers, the demands of domestic consumers of the Pipeline Company, the Distribution Company and/or of other distributing customers to which the Pipeline Company may sell natural gas, are to be preferred over service to industrial consumers and of the amount remaining, deliveries for the Distribution Company's industrial consumers shall be such part as the requirements of its industrial consumers bear to the requirements of industrial consumers of the Pipeline Company, the Distribution Company and/or other distributing customers to which the Pipeline Company may sell natural gas. Nothing herein contained shall in any way abridge the right of the Pipeline Company at any time to sell, transport and deliver natural gas to others than the Distribution Company or restrict or reserve the Pipeline Company's properties, or any part of them, for the exclusive benefit of this contract.

Tenth. It is mutually understood and agreed that the requirements of domestic consumers of the Distribution Company shall be fully supplied from the natural gas delivered hereunder in preference to consumers purchasing natural gas for industrial or commercial purposes, and that the Pipeline Company can be required to supply natural gas to be used for industrial or commercial purposes only where the same is sold under contracts which have first been submitted and approved in writing by the Pipeline Company and which expressly provide that natural gas will be supplied thereunder only insofar as the same is not necessary to meet the requirements of domestic consumers supplied by the Pipeline Company, the Distribution Company and/or other distributing customers to which the Pipeline Company may sell or supply natural gas.

[fol. 185] If, for any period of time during the term hereof, the Pipeline Company shall be unable or fail to

deliver the full amount of natural gas required by the Distribution Company and deliverable hereunder, then the Distribution Company shall have the right, during such time as the Pipeline Company so fails to furnish the required amount of natural gas, to purchase or otherwise obtain, at its own expense, natural gas from any available source or manufacture gas to supply such portion of the requirements of its consumers as is not obtainable from the Pipeline Company. Any gas manufactured to make up the Distribution Company's requirements which the Pipeline Company is failing to supply shall be deemed to be supplied to domestic consumers and the volume deducted from the current volume for which the Distribution Company is to pay the Pipeline Company at the prices set forth in subdivision (b) of Article Fourth hereof, but any natural gas obtained from sources other than the Pipeline Company to make up such requirement shall be deemed to be supplied to the consumers using gas for industrial or commercial purposes and paying the lowest prices, and only the excess, if any, of such natural gas so obtained from sources other than the Pipeline Company over the total gas supplied for industrial or commercial purposes shall be deemed to be gas supplied for domestic consumption, displacing pro tanto the natural gas supplied by the Pipeline Company at the prices set forth in the sub-division (b) of Article Fourth hereof. If, for any period of time during the term hereof, the Pipeline Company is unable or fails to deliver the full amount of natural gas required by the Distribution Company, hereunder, and the Distribution Company shall manufacture gas to supply any portion of the requirements of its customers which would have been supplied with natural gas received hereunder had such supply been sufficient, then at the option of the Distribution Company the amount of natural gas to be sold and delivered hereunder by the Pipeline Company and purchased and received by the Distribution Company shall thereafter be reduced by the amount of gas manufactured by the Distribution Company to supply its customers, during such period of shortage, which would have been supplied with natural gas sold hereunder if such natural gas had been available.

[fol. 186] Eleventh. The natural gas deliverable hereunder shall be natural gas as produced in its natural state from the wells, except that the Pipeline Company may extract or permit the extraction of any helium content and the

natural gas gasoline from said natural gas, but shall not subject its natural gas or permit its natural gas to be subjected to any treatment in the extraction of natural gas gasoline or otherwise, which shall change the chemical composition of any of its component parts, or which will dilute it. The Pipeline Company is to tender delivery to the Distribution Company only of natural gas which is commercial in quality and condition.

Twelfth. In the event of either party being rendered unable wholly or in part by force majeure to carry out its obligations under this contract other than to make payments of amounts due hereunder, it is agreed that on such party giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, then the obligation of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

The terms "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, sudden, partial or entire failure of natural gas wells, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to overcome.

Thirteenth. All notices to be given hereunder by the Pipeline Company to the Distribution Company shall be given by registered mail or by delivering the same to the Distribution Company at its office at Hot Springs, Ar- [fol. 187] kansas, or at such other office as may be hereafter designated by the Distribution Company for the purpose, and all notices to be given by the Distribution Company to the Pipeline Company shall be given by registered mail or by delivering the same to the Pipeline Company at its

office at Shreveport, Louisiana, or at such other office as may be hereafter designated by the Pipeline Company for the purpose.

Fourteenth. This agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Whenever any corporation is referred to herein, such reference shall be deemed to include the successors and assigns of any such corporation.

Fifteenth. As between the parties hereto, the Pipeline Company shall be in control and possession of the natural gas deliverable hereunder and responsible for any damage or injury caused thereby until the natural gas shall have been delivered to the Distribution Company at the Pipeline Company's measuring stations, after which delivery the Distribution Company shall be deemed to be in exclusive control and possession thereof and responsible for any such injury or damage.

Sixteenth. It is covenanted and agreed that if either party shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of this contract, then in such event the other party may at its option terminate this contract by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default, stating specifically the cause for terminating this contract and declaring it to be the intention of the party giving the notice to terminate the same; thereupon the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the contract, and if within said period of thirty (30) days the party in default does so remove and remedy said cause or causes and fully indemnify the party not in default [fol. 188] for any and all consequences of such breach, then such notice shall be withdrawn and this agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes and/or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, then this agreement shall become null and void from and after the expiration of said period. Any cancellation of this agreement pursuant to the provisions of this Article shall be without prejudice to the party not

in default to collect any amounts then due to it and without waiver of any other remedy to which the party not in default may be entitled for violation of this contract.

Seventeenth. The Distribution Company agrees to keep the Pipeline Company at all times fully informed of all facts tending to show the amount of natural gas which will be necessary from time to time to supply the Distribution Company's requirements hereunder in the City of Hot Springs and its environs. Estimates of the annual requirements and the maximum daily and hourly requirements of each calendar year shall be given to the Pipeline Company by the Distribution Company three (3) months prior to the end of the preceding calendar year.

In Witness Whereof, the parties hereto have caused this agreement to be duly signed by their respective officers the day and year first above written.

Arkansas-Louisiana Pipeline Company, by (S.) D. W. Harris, Vice President.

Attest: (S.) J. C. Hamilton.

Consumers Gas Company, by (S.) C. Nichols, Vice President.

Attest: (S.) G. S. Brown.

[fol. 189] EXHIBIT "F" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Contract. File No. 242.

Contracting Parties: Arkansas Portland Cement Company, Buyer; Arkansas Louisiana Pipe Line Co., Seller.

Date Signed: February 9th, 1929. Begins —. Expires: Term 10 yr. from first date which gas may be sold hereunder.

Summary

Seller agrees to construct a 10" or larger gas transmission line from a point on its main pipe line in Hempstead or Nevada Counties, Ark. to Buyer's Cement plant in Sec. 31-11S-27W, Howard Co., Ark., to enable Buyer to take

gas for operation of its plant, which is located approximately 21 mi. from main line.

Operations to commence Jan. 1, 1929 and continued with due diligence to completion. Estimated Cost—$235,000. When operations shall have been begun, Buyer shall pay Seller $100,000. Buyer shall have no interest or ownership in line. Said advance shall be considered a loan with interest at 6% per annum. Seller to give non-negotiable promissory note, to be repaid as follows:

Until final re-payment of all sums hereunder advanced, seller shall credit Buyer, and Buyer shall deduct from price hereinafter stipulated for gas sold hereunder, sum of 2¢ per M. cu. ft. If Seller's gas supply becomes exhausted, etc., or if contract is terminated without fault of Buyer before final repayment of loan, then unpaid balance with interest shall become immediately due and payable in cash.

Buyer: Buyer agrees to take and pay for all industrial gas fuel requirements of its Cement Plant during term hereof. Buyer not to use any other fuel or purchase any other fuel for use in plant during term hereof.

Buyer agrees not to resell any gas purchased hereunder. Such retail sales to be made by Seller, at rate of 70¢ per M. cu. ft. with a discount of 10¢ per M. cu. ft. for prompt payment. Ready to serve charge of $1.50 per month with discount of 50¢ per mo. for prompt payment.

[fol. 190] Seller shall not be liable for unavoidable interruptions in gas supply.

Price:

First 200,000 cu. ft.—55¢ per M. cu. ft. Next 10,000,000 cu. ft.—18¢ M. C. F.
Next 800,000 cu. ft.—25¢ per M. cu. ft. Next 10,000,000 cu. ft.—16¢ M. C. F.
Next 5,000,000 cu. ft.—22¢ per M. cu. ft. Next 36,000,000 cu. ft.—12½¢ M. C. F.
Next 10,000,000 cu. ft.—20¢ per M. cu. ft.

Meter:

Seller to install and maintain a meter. Buyer to have access to same, but readings, etc. to be by Seller.—2% shall be deemed accurate.

Base:

8 oz. per sq. inch above 14.4 lb. atmospheric—60° Fahr.

Payments:

Bills due 1st of month following that in which gas is delivered.

Estimated Minimum:

900,000,000 cu. ft. each contract year. When said minimum is used in any one year, no monthly minimum shall apply. In event said 900-Million is not used, then monthly minimum of $1000.00 shall be paid. Should Buyer fail to use minimum of 900-Million for any contract year, Buyer shall pay Seller for any month for which gas purchased is less than $1000. difference between $1000. and amount paid for gas actually purchased. Adjustment to be made at end of contract year.

Copy to H. R. Dickerson, E. N. Watkins, L. E. Jones, W. H. Buckley, 2-27-29.

[fol. 191] EXHIBIT "G" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Contract. File No. 262.

Contracting Parties: Southern International Paper Co., Buyer; Natural Gas Producing Co. of La., Seller.

Date Signed: April 21st, 1927. Begins —. Expires: Dec. 18, 1942.

Summary

Buyer is erecting a paper mill at Camden, which mill may be enlarged, and is desirous of purchasing natural gas for fuel for said plant from the Natural Gas Producing Co. of La., which Company is owner of natural gas wells and leases in Monroe gas field, Louisiana.

1

Seller agrees that it will have constructed and ready for use, such pipe lines, regulators, meters and valves as may

be required for delivery of gas for the said Camden Paper Plant.

2

Buyer estimates its gas requirements for plant now under construction to be not in excess of 6-Million, five hundred thousand (6,500,000) cu. ft. per day. Seller shall not be obligated to furnish in excess of that amount, until plant is enlarged, at which time Buyer shall give 9 mo. notice of anticipated increased requirements. During said 9 mo. period, Seller shall provide facilities for increased requirements. In any event, Seller shall not be required to deliver in excess of 13-Million cu. ft. of gas per day for Camden Plant. In case no notice of increased requirements over 6,500,000 cu. ft. per day be given by Buyer within four years from date Seller begins furnishing gas hereunder, then maximum obligation of Buyer to deliver 6,500,000 cu. ft. of gas per day shall stand. Seller shall not be obligated to furnish in any hour, more than 1/18th of maximum daily amount of gas required to be delivered.

[fol. 192]

3

Gas deliveries shall begin when Buyer begins making paper at its Camden plant. Beginning 3 mo. after date when Camden Mill begins to make paper, but not later than Oct. 1, 1928, Buyer shall pay Seller for a *a* minimum of 100-Million cu. ft. of gas per month for each unit of said plant, whether such gas be taken or not, except as relieved from such minimum payments as hereinafter provided. During said 3 mo. period or up to Oct. 1, 1928, Buyer shall pay for amount actually furnished and received. Buyer shall not be required to pay for such minimum during any period of non-operation of its Mill for a longer consecutive period than 3 months, and thereafter for as long as such periods of non-operation continue, Buyer shall pay only for such gas as is received, it being intention that such minimum payment shall be made for first 3 mo. during each and every period of non-operation lasting for 3 mo. or longer. A Unit as herein used is defined as practically same size and capacity as Mill now under construction at Camden, which has a maximum fuel requirement of 6,500,000 cu. ft. per day. Said minimum shall be increased in event the unit of said plant hereinafter constructed should vary materially from plant now being constructed.

4

Point of delivery to be mutually agreed upon on premises of Buyer's plant located South of and near City of Camden. Purchaser to furnish site for meters, regulators, valves and gauges, and grants to Seller right to lay pipe lines from meter equipment across property of said plant to connect to Seller's main pipe line. Vendor estimates it will require a space for meter equipment, not to exceed space for two buildings 15 x 20 ft. spaced 20 ft. apart. Buyer grants right of ingress and egress to and from said meters, etc.

5

Meter Station:

Seller shall install and maintain regulating and measuring station at delivery point to regulate pressure to an approximate constant pressure of not over 25 lb. regulators and meters to remain property of Seller.

[fol. 193] 6

Base:

Unit of measurement—1000 cu. ft. at pressure base of 8 oz. and temperature of 60° Fahr. Average absolute atmospheric or barometric pressure shall be assumed to be 14.4 lb. irrespective of elevation or location above sea level, or of barometric pressure variations from day to day. Actual measurement of gas may be made by Seller at any pressure existing at meters of Seller, and volume of gas shall be computed from readings of meters. In computing volume of gas delivered from such meter readings, pressure, specific gravity and temperature of flowing gas shall be taken into consideration. Such of these factors as remain fairly constant over considerable periods of time may be taken at their average values for such periods.

Meter Readings:

In case of stoppage or breakage of Seller's meters, deliveries may be determined by estimating deliveries during proportional periods of plant operations under similar conditions—or by computing quantity from reading of Buyer's meters, and bills for gas delivered shall be corrected ac-

cordingly. In case of error in Seller's meters, registrations shall be corrected during a period equal to ½ of time from last test, but in no case more than 30 days. No correction shall be made unless error is in excess of 2% plus or minus.

7

Meters:

Buyer shall have access to Seller's meters and records and charts. Records and charts shall remain property of Seller. Reading of meters and changing of charts to be done by Seller. Seller will submit records and charts together with calculations therefrom, to Purchaser for inspection and verification, and Buyer shall return charts within five days after receipt. Buyer may at its option install check meters. Seller's meters shall be tested once monthly. Buyer may request a test of Seller's meters, in presence of its [fol. 194] representative, and Buyer shall pay for such test, if meter is found not to be in error more than 2%.

8

Statement:

Seller shall submit to Buyer on or before 5th of each month, statement of amounts due for gas delivered preceding month. Buyer will pay Seller at its office in Bastrop, La., on or before 15th of each month, the amounts on bills so rendered. If any bill, or any part thereof, which is not in dispute, remains unpaid for ten days after same is rendered, Seller may suspend deliveries of gas, until bill is paid.

9

Price:

For first five year period	7½¢ per M. cu. ft.
For second five year period	10½¢ per M. cu. ft.
For third five year period	12¢ per M. cu. ft.
Thereafter price shall be	12¢ per M. cu. ft.

Buyer shall pay to Seller in addition to above prices, an additional amount per M. cu. ft. which shall be equal to Seller's cost of field compression on amount of gas compressed for delivery to Buyer. If it becomes necessary for Seller to install compressor stations on pipe line to be constructed for delivering gas from Monroe Field to Camden or Pine

Bluff plants, then Buyer shall pay Seller in addition to above prices, an amount per M. cu. ft. equal to Seller's pro-rata cost of such line compression before point of delivery. If gas is produced from a deeper sand than Monroe gas rock, first sand, then Buyer is to pay in addition the pro-rata cost of additional expense of producing gas from such deeper sand. Seller to develop its leases to the end that average rock pressure of wells shall not decline below 350 lb. gauge pressure while said pressure might by practical development be maintained at average pressure of 350 lbs.

[fol. 195]

10

Term:

Fifteen years from date of beginning of operations of Buyer's Camden Plant or until rock pressure of wells on lands acquired by assignments from H. C. Morris, trustee, shall have declined to 350 lb. gauge pressure. Seller shall give Buyer 3 mo. notice in writing in advance of termination because of decline of rock pressure.

11

Seller shall have right to extract gasoline content from gas sold hereunder.

12

Seller shall not be liable for interruption in gas supply, when such interruption is due to repairs to line, etc. In case of anticipated interruptions, Seller will notify Buyer. Interruptions shall be arranged at times to cause the minimum inconvenience to Buyer, if possible.

13

If Seller fails to deliver full quantities of gas required hereunder, not being excused by terms hereof, then Buyer may at its option cancel contract. Buyer however must give Seller written notice of its election to terminate within 30 days from end of period during which Seller has failed to deliver full amount of gas. If no such notice be given, such failure shall not be deemed a waiver of any subsequent right of cancellation by reason of Seller's failure to deliver gas during any subsequent period of 30 days.

14

Obligations of Seller to deliver gas hereunder, is limited to its ability to produce same by diligent development of lands acquired by assignment from H. C. Morris, Tr. on Jan. 1st, 1924 recorded in Book 50 page 429 of Morehouse Parish, La. records; Conveyance Book 127, page 539 of Ouachita Parish records and Conveyance Book 54, page 251 of Union Parish records, which assignments cover approximately 111,000 acres of land on which leases are now in effect.

[fol. 196] Seller will furnish gas to Buyer by preference over any other customers except following: Those with whom prior contracts are now in force; Domestic consumers, Power Plants of Louisiana Power Co. at Sterlington, La. and associated power companies, and except requirements for gas of Southern Gas & Fuel Co.'s line to New Orleans, La. Said prior contracts now in force, as hereinbefore mentioned are: (1) Bastrop Pulp & Paper Co. and Morehouse Natural Gas Co., 4 Million cu. ft. per day (2) an additional 2-Million cu. ft. gas per day for Bastrop Pulp & Paper Co. under contract now being negotiated between Sou. International Paper Co. and Natural Gas Producing Co., whereby item 1 will be cancelled as to Morehouse Nat. Gas. Co. and obligation for 4-Million cu. ft. per day assumed by Nat. Gas Producing Co. of La. (3) E. L. Brown and H. C. Morris, Tr. for Brown Paper Mill Co.—Maximum 8-Million cu. ft. (4) Southern Power & Light Co. and Nat. Gas Producing Co. of La. for Sterlington Power Plant of Louisiana Power Co. (5) Bastrop Gas Co. and Morehouse Nat. Gas Co., Inc.

Buyer shall have equal right with all customers of Seller for supply of gas from all lands other than said 110,000 acres now owned by Vendor in Monroe Gas Field, after requirements of domestic customers served by Seller and companies listed above, except Brown Paper Mill Co. have been provided for.

15

Rock Pressure:

Determination of rock pressure shall be made from reports of Conservation Commission of La., or if no reports available by representative of Seller and Buyer and a third party to be mutually agreed upon or appointed by Judge of U. S. Dist. Court for Western Dist. of Arkansas.

16

Cost of compression referred to, shall include operating costs, maintenance and interest at 7% on investment and allowance for amortization. Such costs to be ascertained from books of Seller.

[fol. 197] 17

If any bills remain unpaid for more than 60 days, Seller may terminate contract.

18

Title to gas shall pass to Buyer at place where it is metered. Seller shall not be responsible for condition of any material, pipes, etc. supplied by Buyer, but shall alone be responsible for any damage resulting from unsafe equipment owned by it at said plant.

19

Buyer may terminate contract at any time on abandonment of operations of its plant, provided Seller shall be given 9 mo. written notice of intentioned abandonment. Contract however shall terminate on abandonment of operation of plant for consecutive period of one year, and act of Buyer in not making payment for minimum gas for nine months shall be construed to be abandonment of operations.

20

If either party is unable to perform its obligations hereunder by reason of "force majeure", it is agreed that upon other party giving notice in writing or by telegraph, its obligations shall be suspended during the continuance of any inability so caused. If in any month Buyer is prevented from receiving in whole or in part the natural gas herein provided, minimum payments shall be reduced in proportion to the length of period of suspension and total number of hours in such month.

21

Force Majeure is termed to mean Acts of God, strikes, walkouts, etc.

22

Pine Bluff Plant:

Buyer is given an option until July 1st, 1927 to purchase gas from Seller for pulp and paper mill now contemplated

to be located near Pine Bluff, Ark., gas to be furnished on following terms:

[fol. 198] For First 5 year period..... 11¢ per M. cu. ft.
For second 5 yr. period.....12½¢ per M. cu. ft.
For third 5 yr. period..... 13¢ per M. cu. ft.

Thereafter price per M. cu. ft. shall be sum of one-½ (1½¢) per M. C. F. in excess of price for gas at Camden Plant. —Minimum payment shall be same as for said Camden Plant. —Terminating of contract due to abandonment of operation of one mill shall not act to terminate as to other mill. —Seller shall be ready to deliver gas to said Pine Bluff Plant not later than 18 mo. after option exercised. Minimum payment for gas shall be effective 3 mo. after beginning of actual operations of plant; however, said minimum payment shall take effect not later than 21 mo. after exercise of said option.

23

Estimate requirements of Pine Bluff Plant—6,500,000 cu. ft. per day. Seller shall not be obligated to furnish in excess of that amount until plant is enlarged, at which time Seller shall be given 9 mo. notice of anticipated increased requirements. Seller in any event shall not be obligated to furnish in excess of 13-Million cu. ft. per day for Pine Bluff Plant—and in case of no notice of increased requirements over 6,500,000 cu. ft. per day be given to Seller within 4 years from date Seller begins furnishing gas, then maximum obligation of Seller shall be 6,500,000 cu. ft. per day.

Copy to H. R. Dickerson, G. L. Cano, A. S. McKenzie, T. J. Heard, W. H. Buckley.

[fol. 199] EXHIBIT "H" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal. File No. 368.

Contracting Parties: Houston Oil Company of Texas, Buyer; Arkansas Louisiana Pipe Line Co., Seller.

Date Signed: Sept. 25, 1933. Begins: Sept. 25, 1933. Expires: Dec. 25, 1933, and thereafter until terminated on thirty days notice.

Summary

Sale of natural gas for fuel requirements of Buyer's Refinery and Herbert Delivery Station near Camden, Arkansas.

Base:

8 oz.—14.4 lb.—temp. 60° Fahr. and specific gravity as determined by semi-monthly tests, corrected to a base of .6.

Price:

First 1,000,000 cu. ft.	14¢	per M. C. F.
Next 2,000,000 cu. ft.	12¢	per M. C. F.
Next 15,000,000 cu. ft.	10¢	per M. C. F.
Over 18,000,000 cu. ft.	8½¢	per M. C. F.

Minimum:

Minimum bill—$30.00 per month.

All bills are due on 15th of month following that in which gas is used. An additional amount of 5% shall be added to bill if not paid when due.

Address:

Houston Oil Company of Texas, Box "H", Smackover, Arkansas.

Copy to A. H. W., W. N. B., W. H. B., S. E., F. S. E., L. B. B.

[fol. 200] Exhibit "I" to Stipulation

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal File No. 435.

Contracting Parties: Root Refining Company, Buyer; Arkansas Louisiana Pipe Line Co., Seller.

Date Signed: Sept. 25, 1933. Begins: Sept. 25, 1933. Expires: Dec. 25, 1933, and thereafter until terminated on thirty days notice either party.

Summary

Sale of natural gas for fuel requirements of Buyer's Refinery located in the N. E. ¼ of N. E. ¼ of Section 35, Twp. 17, Range 15, Union County, Arkansas.

Base:

8 oz.—14.4 lb.—temp. 60° Fahr. and specific gravity as determined by semi-monthly tests, corrected to a base of .6.

Price:

First 1,000,000 cu. ft.	14¢ per M. C. F.
Next 2,000,000 cu. ft.	12¢ per M. C. F.
Next 15,000,000 cu. ft.	10¢ per M. C. F.
Over 18,000,000 cu. ft.	8½¢ per M. C. F.

An additional amount of 5% shall be added to bill if not paid when due, all bills being due on the 15th of month following that in which gas was used.

Address:

Root Refining Company, Commercial National Bank Bldg. Shreveport, La.

Copy to A. H. W., W. H. B., W. A. S., F. S. K., L. R. R.

[fol. 201] EXHIBIT "J" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal File No. 536.

Contracting Parties: Magnolia Petroleum Co., Buyer; Arkansas Louisiana Pipeline Co., Seller.

Date Signed: August 5, 1931. Begins: Aug. 8, 1931. Expires: Aug. 8, 1932.

Summary

The contract covering sale of gas for lease operations of Buyer near Stephens, Ark. which expires Aug. 8, 1931 is hereby renewed and extended for a period of one year, at following rates:

15¢ per M. C. F. for first 2,000,000 cu. ft.
12¢ per M. C. F. for next 3,000,000 cu. ft.
10¢ per M. C. F. for all over 5,000,000 cu. ft.
Rate for domestic gas to be 50¢ per M. cu. ft.
Gas to be metered according to plat attached to original contract.

Address:

Buyer, Shreveport, La.

Copy to H. R. Dickerson, W. H. Buckley, W. A. Steward, T. J. Heard, Leo Jones, 8-15-31.

[fol. 202] EXHIBIT "K" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal File No. 629.

Contracting Parties: Titanium Corporation of America, Buyer; Arkansas Louisiana Gas Company, Seller.

Date Signed: Sept. 10, 1935. Begins: Sept. 10, 1935. Expires: Sept. 10, 1936.

Summary

Sale of natural gas for industrial fuel requirements of Titanium Corporation's titanium plant near Magnet Cove, Arkansas, for a period of one year.

Base:

.8 oz.—14.4 lb.—assumed temperature of 60° Fahr., and specific gravity as determined by semi-mo. tests, corrected to a base of .6.

Rate:

First 1,000,000 cu. ft. per mo.	27¢ per M. C. F.
Next 5,000,000 cu. ft. per mo.	24¢ per M. C. F.
Next 5,000,000 cu. ft. per mo.	22¢ per M. C. F.
Next 10,000,000 cu. ft. per mo.	20¢ per M. C. F.
All over 21,000,000 cu. ft. per mo.	18¢ per M. C. F.

A Minimum bill of $25.00 per month will be charged hereunder.

Bills:

All bills are due on 15th of month following that in which gas is used.

A Discount of two cents (2¢) per M. cu. ft. will be allowed on above rates if bill is paid when due.

Address:

Titanium Corporation of America, Tulsa, Oklahoma.

Copy to A. H. W., W. H. B., W. A. S., F. S. K., W. F. M., L. J.

[fol. 203] EXHIBIT "L" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal File No. 754.

Contracting Parties: Berry Asphalt Company, Buyer; Arkansas Louisiana Gas Company, Seller.

Date Signed: Feb. 26, 1935. Begins: Feb. 26, 1935. Expires: Feb. 26, 1936.

Summary

Sale of natural gas for entire industrial fuel requirements of Buyer's Oil Refinery at Waterloo, Nevada County, Arkansas.—By entire industrial fuel requirements is meant entire fuel requirements of Refinery, exclusive of still gas produced in normal operation of refinery and any fuel oil or sludge that is unfit for sale.

Rate:

For each 1000 cu. ft., 1/6th of average price per bbl. of 10-14° gravity fuel oil for same period as reported in Tulsa Edition Platt's Oilgram for Arkansas Dist. Refineries Market, such to be an average of all such reports during the period. For example: If 26 reports by Platt show an average price per bbl. over fiscal gas month of 60¢, then 1/6th of same equals ten cents (10¢) per M. cu. ft. for deliveries during that period. It is agreed that price per M. cu. ft. under this provision shall be limited to a maximum of fifteen cents (15¢) per M. cu. ft. and a minimum of nine (9¢) cents per M. C. F.

Base:

8 oz.—14.4 lb.—assumed temperature of 60° Fahr.—Specific gravity as determined by semi-mo. tests, corrected to a base of .6.

All bills are due on 15th of month for gas delivered preceding month.

Address:

Berry Asphalt Company, Chicago, Illinois.

Copy to: A. H. W., W. H. B., W. A. S., F. S. K., L. R. R.

[fol. 204] EXHIBIT "M" TO STIPULATION

Contract and Agreement Record.

Nature of Contract or Agreement: Gas Sale Agreement. File No. 797.

Contracting Parties: Republic Mining and Manufacturing Company, Buyer; Arkansas Louisiana Pipe Line Company, Seller.

Date Signed: Sept. 4, 1934. Begins: Oct. 1st, 1934. Expires: Oct. 1st, 1937.

Summary

Sale of Natural gas for industrial fuel requirements of Buyer's Bauxite calcining and drying plant of Buyer located approximately one-half mile north of the town of Sweet Home, Arkansas in Section 19, Township 1-N, Range 11-W, Pulaski County.

Minimum Guarantee:

Buyer agrees to take and/or pay for 25,000,000 cu. ft. of gas each year beginning Oct. 1st and ending Sept. 30th. Any deficiency of the twenty-five million cu. ft. not actually consumed at end of each contract year, will be billed and paid for at a rate arrived at by taking an arithmetical average of rate applicable in each month or contract year.

Rate:

First	1,000,000 cu. ft. per month	25¢ per M. C. F.
Next	5,000,000 cu. ft. per month	22¢ per M. C. F.
Next	5,000,000 cu. ft. per month	20¢ per M. C. F.
Next	10,000,000 cu. ft. per month	18¢ per M. C. F.
Over	21,000,000 cu. ft. per month	16¢ per M. C. F.

Discount:

Gross discount of ten (10%) per cent during term of this contract.

Base:

8 oz.—14.4 lb.—temp. 60° Fahr.—specific gravity as determined by semi-mo. tests, corrected to a base of .6.
[fol. 205] Seller agrees that any part of minimum guarantee which is paid for and not consumed during contract year, will be credited to Buyer's account and Buyer shall have privilege of using this credit in payment of gas consumed during next six months succeeding end of first and second contract years. The consumption of deficiency gas during first 6 mo. of any contract year will not apply against regular minimum guarantee which Buyer is obligated to take during that contract year. Buyer agrees that during the third year of this contract, it will take and/or pay for minimum volume of gas herein stipulated, in addition to gas taken and paid for by means of credit brought forward from previous years.

Cancellation:

Buyer may cancel this contract in event Seller is unable to take care of Buyer's fuel requirements for 3 consecutive weeks, as a result of pipe line breaks, depletion of gas, etc.—Buyer's maximum fuel demand per hour is approximately 45,000 cu. ft. and in event its plant is enlarged to such an extent that maximum hour fuel demand would exceed that amount, Buyer shall give Seller 60 days notice thereof.

Payment:

Bills due on 15th of month following that in which gas is used.

Copy to A. H. W., W. H. B., W. A. S., L. R. R., F. S. K.

[fol. 206] EXHIBIT "N" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. File No. 805.

Contracting Parties: Norton Company, Buyer; Arkansas Louisiana Pipe Line Co., Seller.

Date Signed: October 5, 1934. Begins: Oct. 1st, 1934. Expires: Oct. 1st, 1937.

Summary

Sale of natural gas for fuel requirements of Bauxite calcining and drying plants of Norton Company as now located in Bauxite, Arkansas.

Base:

8 oz. pressure above 14.4 lb. per sq. inch, with an assumed temperature of 60° Fahr.—Specific gravity shall be determined by semi-monthly tests, corrected to a base of .6.

Rate:

First 1,000,000 cu. ft. per mo.	25¢ per M. cu. ft.
Next 5,000,000 cu. ft. per mo.	22¢ per M. cu. ft.
Next 5,000,000 cu. ft. per mo.	20¢ per M. cu. ft.
Next 10,000,000 cu. ft. per mo.	18¢ per M. cu. ft.
All Over 21,000,000 cu. ft. per mo.	16¢ per M. cu. ft.

Discount:

The above rate will carry a gross discount of ten (10%) per cent during term of this contract.

Payment:

All bills are due on 15th of month following that in which gas is used.

Address:

Norton Company, Worcester, Massachusetts.

Copy to A. H. W., W. H. B., W. A. S., F. S. K., L. R. R.

[fol. 207] Exhibit "O" to Stipulation

Contract and Agreement Record

Nature of Contract or Agreement: Sales Contract. File No. 859.

Contracting Parties: Arkansas Bauxite Corporation, Buyer; Arkansas Louisiana Gas Company, Seller.

Date Signed: May 6, 1935. Begins: May 6, 1935. Expires: May 6, 1938.

Summary

Sale of natural gas for fuel requirements of Arkansas Bauxite Corporation's Bauxite calcining and drying plant located near city limits of Bauxite, Arkansas, in what is known as West Bauxite, said plant being originally known as the Standard Bauxite and Chemical Company.

Base:

8 oz.—14.4 lb.—assumed temperature of 60° Fahr., and specific gravity as determined by semi-monthly tests, corrected to a base of .6.

Rate:

First 1,000,000 cu. ft. per mo.	25¢ per M. C. F.
Next 5,000,000 cu. ft. per mo.	22¢ per M. C. F.
Next 5,000,000 cu. ft. per mo.	20¢ per M. C. F.
Next 10,000,000 cu. ft. per mo.	18¢ per M. C. F.
All Over 21,000,000 cu. ft. per mo.	16¢ per M. C. F.

The above rate will carry a gross discount of ten (10%) per cent during the term hereof.

Bond:

For the consideration of this contract, Buyer has posted with Seller an indemnity bond in the sum of $2500.00. At expiration of this contract if Buyer has not taken and paid for a minimum of 45,000,000 (45-Million) cu. ft. of gas, then Buyer agrees to forfeit its indemnity bond of $2500.00 to partially reimburse Seller for pipe line construction expense.

Note.—Buyer takes cognizance of the fact that Seller will expend approximately $5,000.00 in the construction of a gas pipe line to supply the Bauxite plant.

Address:

Arkansas Bauxite Corp., West Bauxite, Arkansas.

Copy to A. H. W., W. H. B., W. A. S., F. S. K., L. R. R.

[fol. 208] EXHIBIT "P" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. Renewal File No. 869.

Contracting Parties: Lion Oil Refining Company, Buyer; Arkansas Louisiana Gas Company, Seller.

Date Signed: Nov. 1, 1935. Begins: Nov. 1, 1935. Expires: Nov. 1, 1936 with option to cancel on 30 days notice prior to any billing date.

Summary

Sale of entire fuel requirements for operation of Lion's Oil Refinery near the city limits of ElDorado, Arkansas. By entire fuel requirements is meant entire fuel requirements of Refinery, exclusive of normal quantities of non-marketable fuel oil and still gas produced and used in ordinary operation of Buyer's plant.

Base:

8 oz.—14.4 lb. assumed temperature of 60° Fahr., and specific gravity as determined by semi-mo. tests, corrected to .6.

Rate:

First 1,000,000 cu. ft.	14¢ per M. C. F.
Next 2,000,000 cu. ft.	12¢ per M. C. F.
Next 15,000,000 cu. ft.	10¢ per M. C. F.
All over 18,000,000 cu. ft.	8½¢ per M. C. F.

Oil Adjustment Clause:

Monthly bills for gas service rendered hereunder shall be decreased or increased as case may be, at rate of 1/6th cent ($.00167) per M. C. F. of gas delivered during month for which bill is rendered, for each one cent per bbl. decrease or increase from sixty cents per bbl. in amount of quoted price of 10-14° gravity fuel oil in tank car lots. The quoted price per bbl. of 10-14° gravity fuel oil in tank car lots for each month shall be determined by calculating the arithmetical average of daily quotations for Arkansas and North Louisiana Refy. Market fuel oil in tank car lots,

as shown in daily Tulsa Edition of Platt's Oilgram published by W. C. Platt Co. of Cleveland, Ohio.

[fol. 209] Example:

If a refinery during any one month used 100 million cu. ft. of gas, the average cost per M. C. F. on the base rate would be $.0885. Then if 26 reports by Platt showed an average price per bbl. over fiscal gas month of 65¢, the average rate shown above would be increased 5/6 of a cent or $.00833. Therefore average cost per M. C. F. of above consumption during that month would be $.0885 plus $.00833 or $.09683 or 9.683 cents.

Minimum and Maximum Rate:

Net price for gas sold hereunder shall be limited to a minimum of 8½¢ per M. C. F. and a maximum of 15¢ per M. C. F. —Minimum Bill during each month of this contract—$100.00 worth of gas.

This contract cancels contract dated July 1, 1935.

Address:

Lion Oil Refining Co., ElDorado, Arkansas.

Copy to: A. H. W., W. R. B., W. A. S., F. S. K., W. F. M.

[fol. 210] EXHIBIT "Q" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sale Agreement. File No. 893.

Contracting Parties: J. C. Buckbee, Trustee, Buyer; Arkansas Louisiana Gas Company, Seller.

Date Signed: Sept. 19, 1935. Begins: Sept. 19, 1935. Expires: Dec. 19, 1935.

Summary

Sale of natural gas for fuel requirements for drilling of Sloan well #2 in Section 14, Twp. 17, Range 15, Union County, Arkansas.

Base:

8 oz.—14.4 lb.—assumed temperature of 60° Fahr., and specific gravity as determined by semi-monthly tests, corrected to a base of .6.

Rate:

Fourteen cents (14¢) per M. cu. ft. Minimum Bill: $25.00 per month.

Deposit:

A deposit of $500.00 has been made to guarantee prompt payment of bills.

Bills:

Gas is to be billed weekly or oftener and bill shall be due upon presentation. An additional amount of 5% shall be added to bill if it is not paid when due.

Address:

J. C. Buckbee, Trustee, % H. L. Halverson, Mitchell Hotel, ElDorado, Arkansas.

Copy to: A. R. W., W. H. B., W. A. S., F. S. K., W. F. M., L. J.

[fol. 211] EXHIBIT "R" TO STIPULATION

Contract and Agreement Record

Nature of Contract or Agreement: Gas Sales Agreement. File No. 714-A.

Contracting Parties: Standard Oil Company of La., Buyer; Arkansas Louisiana Pipeline Co., Seller.

Date Signed: Sept. 25, 1933. Begins: Sept. 25, 1933. Expires: Dec. 25, 1933, and continuing thereafter until terminated on 30 days notice.

Summary

Sale of natural gas for fuel requirements of following:

Helwig Plant in N. W. ¼ N. W. ¼ Sec. 32-17-15, Union County, Ark.

Murphy-Hardy Lease in S. W. ¼ S. E. ¼ Sec. 4-16-15, Union County.

Section 31 Lease in N. E. ¼ S. W. ¼ Sec. 31-15-15, Ouachita County, Ark.

Base:

8 oz.—14.4 lb.—temp. 60° Fahr.—Specific gravity as determined by semi-monthly tests, corrected to a base of .6.

Price:

First 40,000,000 cu. ft.	12¢ per M. cu. ft.
Next 60,000,000 cu. ft.	11¢ per M. cu. ft.
Over 100,000,000 cu. ft.	10¢ per M. cu. ft.

An additional amount of 5% shall be added to bill if not paid when due.

Minimum bill—$10.00 per month per meter.

Address:

Standard Oil Co. of La., Shreveport, La.
Copy to: A. H. W., W. H. B., W. A. S., F. S. E., L. R. R.

[fol. 212] EXHIBIT "S" TO STIPULATION

Terms and Conditions

1. All bills for gas sold and delivered hereunder are due on the 15th day of the month following that in which the gas was furnished, and all payments of such bills shall be made at the office of the Seller. In the event this account is not paid promptly when due Seller reserves the right to immediately discontinue service until satisfactory credit arrangements are made.

2. The Seller agrees to install, operate and maintain a meter, or meters of suitable capacity and design, to measure the gas delivered as specified herein. The volume of gas delivered by the Buyer to Seller, hereunder, shall be calculated on a pressure base of eight (8) ounces gauge pressure above fourteen and four tenths (14.4) pounds per square inch absolute atmospheric pressure, and on a temperature base of sixty degrees (60°) Fahrenheit. The following temperature of the gas shall be considered to be 60 degrees Fahrenheit continuously, irrespective of the actual flowing temperature. Specific gravity of the gas sold, hereunder, shall be determined by semi-monthly tests and corrected to a base of six-tenths (.6).

3. The point of delivery of all gas is at the outlet of the Seller's meter or meters where title passes to Buyer and thereafter all responsibility is assumed by the Buyer, who agrees to protect and hold harmless the Seller from and against any and all damage claims.

4. The title to all meters, appliances, equipment, etc. placed on Buyer's premises and not sold to Buyer, shall re-

main in Seller, with right of removal, and no charge shall be made by Buyer for use of premises occupied by same. Buyer's representatives shall have the right to enter upon said premises at any reasonable time for any purpose connected with the service of gas provided in this contract.

5. Interruption of gas deliveries in whole or in part due to inability of Seller to deliver or Buyer to receive shall not be the basis of claims for damages sustained by either party [fol. 213] when due to act of God, the elements, labor troubles, fires, accidents, breakage or repairs of pipe lines or machinery, requirements of domestic consumers, or other causes of contingencies beyond the control of and occu-ring without negligence on the part of the parties. The parties shall resume delivering and receiving gas when such causes or contingencies cease to be operative.

6. It is understood that all gas delivered under this contract is for the sole use of the Buyer and shall not be resold or consumed by others.

7. This contract may be terminated by either party in case the property of the other party is levied upon, under execution or in case of assignment, receivership, bankruptcy or any act of insolvency on the part of the other party, and when so terminated all bills for gas previously sold shall immediately become due and payable.

8. This contract is subject to orders, rules and regulations of duly constituted authorities having jurisdiction over either or both Buyer or Seller, otherwise can not be altered or assigned by either party without written consent of other party.

[fol. 214] EXHIBIT "T" TO STIPULATION

Arkansas Louisiana Gas Company

Gas Pipe Line Pressures in El Dorado Area During September, 1935

		September, 1935	
Line	Location of Pressure Gauge	Highest Pressure in Pounds	Lowest Pressure in Pounds
Line "H" (Crusader)	East Field, ElDorado.....	172	125
Line "K" (Industrial)	Munce Station, Discharge.....	242	150
Line "E"	Barton Station, ElDorado.....	204	135
Line "E"*	Trees Station, Emmett.....	272	140

* Gas being pumped into ElDorado Area from Trees Station during most of September, 1935.

[fol. 215] BEFORE DEPARTMENT OF PUBLIC UTILITIES

STATE OF ARKANSAS

At a session of the Department of Public Utilities held in Little Rock, Arkansas, on April 30, 1936.

Present: P. A. Lasley, Chairman; Joe Bond, T. G. Seal, Commissioners.

Docket No. 13-A

In re Citation of Arkansas Louisiana Gas Company in the Matter of Regulation Prescribing the Form, Governing the Filing and Publishing of Schedules of Rates for Public Utilities.

Appearances:

For Arkansas Louisiana Gas Company: H. C. Walker and Moore, Gray, Burrowing and Chowning, Attorneys.

Finding and Order

STATEMENT OF FACTS

By the Department:

The Department, on April 13, 1935, acting under the authority vested in it by Section 11 of Act 324 of the Acts of the General Assembly of Arkansas, approved April 2, 1935, (Acts of 1935, page 895), issued its general order numbered 13 requiring every public utility doing business in Arkansas, as defined in Section 1 of said Act, to file with the Department, on or before June 1, 1935, schedules showing all rates respectively established by, or for, each such utility and collected or enforced by it on April 2, 1935.

The Arkansas Louisiana Gas Company (hereinafter referred to as the respondent), a Delaware corporation, was, on April 2, 1935, and ever since has been, doing business in Arkansas as a public utility in the natural gas business. Pursuant to said order the respondent filed schedules showing its charges for all natural gas sold and delivered in Arkansas, except that delivered to some forty industrial consumers of large quantities of gas, and to five companies pur- [fol. 216] chasing gas for resale and distribution to consumers in Arkansas. For convenience, the customers re-

ceiving gas for which no schedules of charges were filed, will be hereinafter referred to as pipe line customers.

On November 4, 1935, the Department issued its citation requiring the respondent, upon a date therein fixed, to show cause why it should not be specifically ordered and directed to file schedules showing charges for gas sold and delivered to the pipe line customers, and why it should not be proceeded against for the collection of the penalties provided for in Section 61 (b) of said Act 324 for failure to comply with General Order 13.

Within the time fixed the respondent filed a response alleging that the sale and delivery of gas to each of its pipe line customers is a transaction in interstate commerce and is not subject to regulation by the State of Arkansas and, therefore, it cannot be required to file with the Department schedules showing charges for such gas. Thereupon the Department set the cause for hearing and upon the date fixed the respondent appeared, introduced, examined, and cross-examined witnesses, and later filed a brief.

The respondent owns natural gas acreage in Northern Louisiana and in the Clarksville field in Arkansas, and produces gas from the acreage in each state. The respondent owns and operates a pipe line extending from the Clarksville field to Little Rock and by means of this line supplies six or seven of its own city distribution plants with gas produced in that field. In addition to supplying gas to its own distribution plants respondent sells gas from that field to Empire Southern Gas Company, Arkansas Western Gas Company and the Little Rock Gas & Fuel Company. Each of these companies resells and distributes the gas so purchased to consumers through city distribution plants. All of the gas produced in the Clarksville field is transported, sold, distributed and consumed exclusively in Arkansas.

During the hearing the respondent filed schedules showing charges for gas produced in the Clarksville Field and sold and delivered to Empire Southern Gas Company and Arkansas Western Gas Company.

[fol. 217] The gas produced by respondent in Louisiana is, along with gas purchased in that state, turned into a pipe line system owned and operated by respondent and by means of rock pressure, or compressor stations, strategically located, forced under high pressure ranging from 150 to 200 pounds per square inch, to points of consumption

or delivery for resale to consumers, in the States of Arkansas, Louisiana and Texas. The respondent owns and operates three pipe lines and leases and operates another, all of which are laid across the line between the States of Arkansas and Louisiana. In the record these lines are identified on plats found on page 1 of Exhibit 2 and page 14 of Exhibit 4 as Lines A, C, H and K. Line C was not used for transporting gas into Arkansas at the time of the hearing and had not been for some time prior thereto; therefore, no further reference will be made to Line C.

Line A crosses the Arkansas-Louisiana line some eight of ten miles east of a point where the States of Arkansas, Louisiana and Texas join. This line extends in a northeasterly direction from the state line crossing, to the southwestern corporate limits of the city of Little Rock. Line H is not owned, but is leased and operated by the respondent and crosses the line between the States of Arkansas and Louisiana some fifteen or twenty miles east of Junction City, Arkansas, and extends in a northwesterly direction to what is designated on said plats as Crusader Station No. 1 in Union County, Arkansas. Line K crosses the line between the States of Arkansas and Louisiana a few miles east of where said state line is crossed by Line H and extends in a Northwesterly direction to the Barton Compressor Station located a short distance north of the city of ElDorado, and continuing thence in a northwesterly direction to the city of Camden, Arkansas. By means of Line E, extending from the Trees Compressor Station located on Line A near Emmett, Arkansas, in a southeasterly direction to Barton Compressor Station, and by means of Line E-1 (in reality an extension of Line E), Lines A, H and K are interconnected.

Lines A, E, H and K constitute the principal or primary [fol. 218] transportation system of respondent in South Arkansas. Laterals or spurs have been built from these lines for the purpose of serving industries and city distribution plants along and, in some instances, far removed from the location of said transmission lines. All gas transported into Arkansas by respondent moves through one or more of said lines, or laterals, or spurs thereto, in reaching a place of consumption. By means of said lines gas is transported and delivered to the gateway of more than fifty city distribution plants in Arkansas owned by the respondent, approximately 318 rural customers along the lines, and to the pipe line customers.

In addition to the lines hereinabove described, there is in what is called the ElDorado District, a vast number of lines, primarily constructed and now generally used, to distribute gas to oil wells and petroleum industries located in this area and not to transport gas beyond or through it. A proper conception of the concentration of lines in this area can only be had by reference to, and a study of, the plat on page 14 of Exhibit 4. These lines are shown upon an enlarged section of the plat.

All of the gas transported by respondent from the State of Louisiana into the State of Arkansas is consumed in Arkansas, with the exception of a relatively small amount consumed by citizens in Texarkana, Texas, and Junction City, Louisiana, served through city distribution plants.

The gas moves across the Arkansas-Louisiana state line through each of Lines A, H and K for the purpose of serving the respondent's customers in Arkansas. At times the principal portion of this demand is supplied through Line A; at other times through either, or both, Lines H or K. When the principal supply of gas is brought into Arkansas through Line A a portion of it is diverted into Line E and carried to the ElDorado District, and when the principal supply is carried through either or both, Line H and K, a portion of the gas is diverted through Line E into Line A. The lines in Arkansas are filled at all times with gas under high pressure, in readiness to serve as needed. The move-
[fol. 219] ment, volume and pressure of the gas in the pipe line are directly governed by the use of appliances owned by consumers irrespective of whether said consumers are served directly through a tap off of a pipe line or some spur thereof, or through a city or town distribution plant.

The following colloquy between an examiner for the Department and Mr. Hamilton, valuation rate engineer and assistant secretary of and a witness for the respondent, details the method of distribution of any given quantity of gas crossing the state line into Arkansas: "A. I object to the term 'broken up'. Let's put it this way, a portion of the quantity is diverted at each tap. Q. The quantity then that is transmitted across the state line comes to the first tap and a portion is diverted and withdrawn from the remainder? A. At the first tap across the state line a portion is drawn off and delivered. Q. And you go farther up the line and another quantity or portion is diverted? A. That is true."

There are 415 customers in Arkansas served through taps on Lines A, E, H or K, and their laterals or spurs, if we treat each city or town distribution plant as a customer. These consist of 318 rural consumers, 54 of respondent's city distribution plants, and the pipe line customers consisting of 40 industrial consumers, 2 city distribution plants owned by corporations affiliated with the respondent and one independently owned city plant.

Line A has 141 taps in Arkansas between the state line and Little Rock, Line H has 117 taps, Line K has 99 taps, and Line E has 23 taps. While it is true that not all of these taps were in use at the time of the hearing, they all have been used at some time or they would never have been made. At the time of the hearing approximately 100 of them were not in use or not assigned directly to consumers.

In the operation of the system respondent employs what is known as a gas dispatcher who, by reason of experience [fol. 220] and consultation of weather reports and other available data, is able to estimate with reasonable accuracy the demands for gas, of not only the system in Arkansas, but in Louisiana and Texas, and accordingly directs the movement of gas in or into the three states. At the time of dispatching the gas he, nor any one else, knows what the demand of any particular customer is, or will be, and he only undertakes to supply sufficient gas to meet the entire system demand.

The gas supplied to each pipe line customer is supplied under a contract signed by respondent at its general office at Shreveport in the State of Louisiana. To an extent not disclosed by the record, each of these contracts provides for a minimum charge, or a charge for readiness to serve, without regard to the quantity of gas consumed. While these contracts may vary as to the charges for gas and in other immaterial respects, they all provide that the title to the gas passes to the customer at the outlet side of the meter installed upon his premises, and do not require the customer to take any specific quantity of gas within any given time. He is merely required to take gas in sufficient quantities to supply the individual requirements of his distribution plant or industrial plant, as the case may be. If any customer's plant happens to be shut down and is not operating, no gas is delivered to him. These contracts further provide that domestic customers, hospitals, schools and such customers as involve the element of human comfort shall be given pref-

erence to respondent's gas supply. Each of the contracts also provides that it is subject to the orders, rules and regulations by duly constituted authorities having jurisdiction over either buyer or respondent. There is no actual sale or delivery of gas until such time as the consumer through his own appliances turns the gas to his own burner tips. No gas is sold or delivered to corporations owning and operating distribution plants until the consumers thereof, by means of their own appliances, turn gas to their burner tips; The respondent will serve any prospective pipe line customer who is financially able to pay for the service. The respondent bases its charges for gas delivered to the pipe [fol. 221] line customers largely upon the cost of competitive fuels, irrespective of the cost of service. However, it attempts to secure such a price from each of said customers as will give it something more than the actual out-of-pocket expense of the service.

The tap through which city distribution plants receive gas from the pipe line is known as the city gateway. At each tap through which distribution systems and rural and pipe line customers receive gas, there is installed a pressure regulator which reduces the pressure of the gas from that in the pipe line to 8 or 10 pounds for city distribution and some pipe line customers, and as low as 8 or 10 ounces for the other pipe line and rural customers. Irrespective of the pressure at which gas is metered and delivered to the city gateway or consumers, it is billed at a base pressure of 8 ounces above a standard of 14.4 pounds atmospheric pressure. The many rural domestic customers served directly from the pipe line are served under schedules and at the rates prevailing for the same class of consumers served by the nearest city or town distribution plant, and ordinarily the city or town distribution plant employees read the meters and make and collect the bills for the gas consumed by these rural customers.

The Arkansas Power & Light Company, one of the pipe line customers, takes large quantities of gas used as a fuel under steam boilers in its electric generating plants in Little Rock and Pine Bluff. Gas at both points is delivered to the power company through a city distribution plant. At Pine Bluff the respondent owns and operates the distribution plant, while that at Little Rock is owned and operated by the Little Rock Gas & Fuel Company, an affiliate of respondent. The respondent charges the distribution

plants with all gas passing through their gateway needed to supply their customers and the Arkansas Power & Light Company, and credits each plant with the gas delivered to the power company. The distributing company at Little Rock is paid 1¢ per M. C. F. for all gas thus delivered to the power company at that point.

Three of the pipe line customers are corporations separately engaged as public utilities in supplying natural gas [fol. 222] by means of city distributing plants to the citizens of Little Rock, Hot Springs and Camden. These companies are respectively, the Little Rock Gas & Fuel Company, the Consumers Gas Company and the Camden Gas Company. Part of the gas sold to the Little Rock Gas & Fuel Company is produced in the Clarksville field in the State of Arkansas and transported and delivered exclusively in that state. All of the gas delivered to the Hot Springs and Camden companies is produced in and transported from the State of Louisiana.

The remainder of the pipe line customers are consumers of gas in industrial plants of various character located in rural territory and are not served by any facilities used in distributing gas through local distribution plants.

Duing the first eleven months of 1934 the respondent transported into Arkansas from Louisiana and sold and distributed 15,582,012,000 cubic feet of gas, of which 8,730,616,000 feet were sold to pipe line customers and 6,851,396,000 feet were delivered to respondent's distribution systems. It is the sale of this 8,730,616,000 cubic feet of gas which the respondent contends is not subject to regulation by the State of Arkansas because of the commerce clause of the Federal Constitution. Other facts will be referred to in the findings.

Finding

There is little, if any, conflict in the testimony in this case. Therefore, a proper solution of the issues depends not upon correctly reconciling conflicting evidence, as is often the case, but upon the conclusions to be drawn from established facts and a correct application of the law as announced by the courts.

The Supreme Court of the United States, early in the history of the development and expansion of the natural gas business, in the case of West v. Kansas Natural Gas Co., 221 U. S. 229, 55 L. ed. 716, held that the transporta-

tion of natural gas from one state into another is inter- [fol. 223] state commerce. This rule has been followed by national and state courts in a long list of cases too numerous to mention. However, the question before the Department is not whether the transportation of natural gas is interstate commerce. The question is: Is the sale, distribution and delivery in Arkansas of gas transported from Louisiana under the facts in this case a transaction of interstate commerce?

The West case and those following it are conclusive that in determining when natural gas is in interstate commerce or when it loses that character, if once in that commerce, we must apply the rules that have been promulgated in making the same determinations with respect to any other article of commerce. While it is not always an easy matter to determine what is, or is not, interstate commerce or when that commerce ends and intrastate commerce begins, a proper solution of these questions is less perplexing if we keep in mind that, "Commerce among the states is not a technical legal conception but a practical one drawn from the course of business," (Swift & Co. v. U. S., 196 U. S. 375; 49 L. ed. 518), and that what falls within intrastate or interstate commerce can only be determined by a practical consideration of the circumstances and methods of the established course of business. Foster-Fountain Packing Co. v. Haydell, 278 U. S. 1, 73 L. ed. 147; Roarick v. Penn., 203 U. S. 507, 51 L. ed. 295. Chief Justice Taft, in delivering the opinion of the court in Atl. Coast Line Ry. Co. v. Standard Oil Co., 275 U. S. 257, 72 L. ed. 270, said, "That the determination of the character of commerce is a matter of weighing the whole group of facts in respect to it."

Every article, at some time after being transported from one state into another for sale and consumption therein, must necessarily lose its interstate character and become subject to state regulation.

In 7 Enc. U. S. Sup. Ct. Rept. 298 is found a very clear and succinct statement of the rules to be deduced from the decisions of the U. S. Supreme Court as follows: "The general rule is that as long as an article imported remains in the hands of the importer in the original and unbroken [fol. 224] package in which it was imported, it is protected by the commerce clause of the Constitution from interfer-

ence of state laws, and that it is only when the original package has been sold by the importer or has been broken by him, or has otherwise become mixed with the common mass of property in the state, that it becomes subject to state legislation."

In the case of May v. New Orleans, 178 U. S. 496, 44 L. ed. 1165, imported merchandise was packed for shipment in cartons which were in turn packed in large boxes. The large box and not the cartons was held to be the original package; and in speaking of the effect of opening the large box for the purpose of sale and delivery of the cartons the court said: "In our judgment * * * when the box was opened for the sale or delivery of the cartons contained in it, each carton of the goods lost its distinctive character as an import and became property subject to taxation by the state as other like property situated within its limits." In the case of Commonwealth v. Paul, 148 Penn. 559, 24 Atl. 78, a merchant received a ten pound pail of oleomargarine shipped him from another state into Pennsylvania; the pail was broken and from its contents a sale of two pounds was made. The Supreme Court of Pennsylvania held that the opening of the pail was a breaking of the original package in interstate commerce and that, therefore, the sale of the contents of the pail was subject to regulation by the State of Pennsylvania.

The respondent contends that the original package theory was developed in connection with imports from other countries rather than with respect to transportation of merchandise across state lines. As to the origin of the theory respondent is correct, but the principal has been extended generally to the transportation of merchandise from one state to another. Irrespective of the extent to which the courts have applied the original package theory to commerce among the states, all of them that have had occasion to pass upon the question have applied it to the sale, distribution and delivery of natural gas transported from one state to another. Kansas v. Flannelly, 96 Ka. 372; P. U. R. 1916 C 810; West Va. & Maryland Gas Co. v. Towers, [fol. 225] 134 Md. 137; P. U. R. 1919 D 332; East Ohio Gas Co. v. Tax Commission, 283 U. S. 465, 75 L. ed. 1171. In each of the above cases the court held that the original package of gas transported from one state to another was broken when the gas was turned into a city distribution plant. These cases cannot, however, be construed to hold

that the original package of gas in interstate commerce may not be broken at some other point in its movement from the state line to the consumer.

The pipe line system of respondent in Arkansas consists of four main lines, to-wit: A, E, H, and K, and hundreds of service taps, spurs or laterals constructed and used for the purpose of distributing the gas transported from Louisiana and delivering portions of it to city or town distribution plants and to industrial and rural consumers not within reach of such plants. There are 141 taps on Line A, 117 on Line H, 99 on Line K and 23 on Line E. Extending from each of these main lines are many smaller lines exclusively constructed and used for the purpose of distributing and delivering gas to industrial and rural consumers and city plants. There are between 50 and 60 distribution plants, 40 or more industrial consumers, and more than 300 rural consumers served from this pipe line system. This is more customers, opening- and taps than many town distribution plants have. In fact, a study of the pipe line system of respondent in South Arkansas shown on the map on page 14 of Exhibit 4 will disclose no material difference between the pipe line system in Arkansas and any ordinary town or city distribution plant except in the extent of the territory served, the density of the customers, the size of the pipe and possibly the quantity of gas consumed by some of the customers.

The original package in the case before the Department consists of the volume or quantity of gas crossing the Arkansas-Louisiana state line within any given time through either of Lines A, H and K. This package is broken and a part of its contents diverted at each tap in Arkansas serving a consumer or city plant. At least one of such taps is upon each of the Lines A, H and K between the Arkansas-Louisiana state line and the point at which [fol. 226] gas is diverted to any pipe line customers; and there are literally hundreds of such taps on each of said lines through which gas is diverted between said state line and the point where it is delivered into the city distribution plants serving Camden, Hot Springs and Little Rock; the three points at which gas is sold and delivered to distributing companies for resale.

By tracing the course of any quantity of gas crossing the state line from Louisiana into Arkansas through either of Lines A, H or K, to the distribution plants at Camden,

Hot Springs or Little Rock, it will be noted that only a small portion thereof will ever be delivered to either of said distribution plants because of the numerous taps, spurs and laterals through which gas is diverted at intermediate points.

All of the gas transported by respondent into Arkansas is for consumption therein except a small quantity consumed in Texarkana, Texas and Junction City, Louisiana which is distributed through city plants. The gas moving from Louisiana into Arkansas is not earmarked, labeled, intended for or identified in any particular way for any particular customer. At the time the gas is started on its way from the wells in Louisiana respondent cannot say where any particular part of it will go after it has reached the State of Arkansas, to whom it will go, or when it will be used. At the time it is started from its point of origin the only destination which can be given is the State of Arkansas. It is transported into Arkansas for the purpose of supplying upon demand the customers of respondent in that state and it is only delivered to the customer if, when, and as he desires to make use of it. The title to the gas does not pass from respondent to the customer until he or his consumer, if the customer happens not to be a consumer, turns the gas to his burner tips by means of appliances upon his premises and exclusively within his control. The pipe line system in Arkansas contains at all times at least 50,000,000 cubic feet of gas under high pressure. Based [fol. 227] upon the average daily consumption for the first eleven months of the year of 1934 this is more than twenty-four hours supply of gas. After the pipe line system in Arkansas is once filled, gas remains in readiness to serve or move forward only as needed. The amount of gas crossing from Louisiana into Arkansas is wholly controlled by the amount consumed in Arkansas. In view of the large number of consumers, gas is constantly moving in the pipe line. This is due to the peculiarities of the commodity and the means employed in its distribution.

Shortly after the gas crosses into Arkansas from Louisiana a systematic method of distributing it to the consumer begins and through each of the service taps on either of the lines between the state line and Little Rock portions of it are drawn off and diverted in a sufficient quantity to meet the demands of the intermediate consumers and

the remainder is delivered into the city distribution plant at Little Rock.

For all practical purposes the method of distribution of gas in Arkansas would not be different if, instead of a pipe line system such as we have, there should be located at some central point a tank of the same capacity as the pipe line system; and by some means this tank was kept constantly filled with gas drawn from the Louisiana fields and the demand of each city distribution plant, pipe line customer, and more than 300 rural consumers was supplied directly from the tank.

Facts and circumstances analogous to those of the distribution of gas by respondent in Arkansas and identical with the distribution of gas through the supposititious tank system is found in the case of Atl. Coast Line Ry. Co. v. Standard Oil Co., supra. In that case gasoline, by means of steamers, was transported from a Mississippi River point to ports on the coast of Florida; upon arrival at the port the gasoline was pumped through a pipe line to a storage tank large enough to hold sixty days' supply; from this tank gasoline was loaded into tank cars and shipped upon demand in fulfillment of annual contracts to more than 100 bulk stations in adjacent territory for delivery in smaller quantities to the ultimate consumer; while gasoline was [fol. 228] constantly flowing into the tank it was constantly flowing out of it into the tank cars. In that case it was contended that the interstate movement of gasoline did not end until it reached the bulk stations. The court held that such movement for all practical purposes, ended when the gasoline reached the storage tank. In answering the argument that there was a continuous stream of oil from the Mississippi River Point through the tank into the bulk stations in the interior of Florida, the court said: "It may be as suggested in the argument that oil is being discharged into plaintiff's receptacles for its storage at the same time that it is being discharged from the storage tanks into tank cars for distribution, but that is not at all inconsistent with its being a closing of interstate or foreign transportation and the beginning of intrastate distribution."

Stripped of all technicalities and viewed in a practical manner, the established facts show that the respondent transports gas from Louisiana and uses its pipe line system in Arkansas as a reservoir for the purpose of storing and holding the gas in readiness to serve until it is needed

for consumption. In doing this the original package transported across the state line is broken and its contents distributed throughout a vast area, where it is held in readiness to serve, or moves forward to serve upon the demand of the consumer. The gas transported into Arkansas is, because of its very nature, stored, handled and distributed to local consumers in the most practical and economical manner.

The respondent, while admitting that the original package in the inter-state movement of gas is broken when the gas is turned into a city distribution plant, contends that there cannot be such a breaking of the package by turning gas from the pipe line system through service or supply lines not a part of a city plant. The respondent undertakes to sustain this contention by saying that there is no such density of customers or multiplicity of pipe in rural territory as is found in a city distribution plant. The distinction between interstate and intrastate commerce can never be based upon the density of population or the juxta- [fol. 229] position of gas pipe. There is no practical difference in respondent's method of distributing gas to its pipe line and rural customers and the city distribution plants in South Arkansas and that employed in the distribution of gas to consumers through a city distribution plant.

While what has heretofore been said conclusively demonstrates that the sale, distribution and delivery of gas by respondent to its pipe line customers is not interstate commerce but is a local business subject to local regulations, there is another rule established by the courts, which, when applied to the facts in the case before the Department, is conclusive that delivery of gas by respondent to those pipe line customers who are consumers is a local business, subject to state regulations. The Supreme Court of the United States held in the case of Missouri Ex Rel. Barrett vs. Kansas Natural Gas Company, 265 U. S. 298, 68 L. ed. 1027, that, "The business of supplying, on demand, local consumers, is a local business, even though the gas be brought from another state and drawn for distribution directly from interstate mains; and this is so whether the local distribution is made by the transporting company or by independent distributing companies. In such case the local interest is paramount and the interference with interstate commerce, if any, indirect and of minor importance." For later cases following this principle see East

Ohio Gas Co. vs. Tax Commission, supra; Wichita Gas Co. v. Public Service Com., 2 Fed. Sup. 792, P. U. R. 1933 B. 225.

In no case which we have been able to find has the Supreme Court of the United States; which is, after all, the final arbiter in all matters involving interstate commerce, departed from the principle set forth in the language quoted, and respondent has not called to our attention any such case.

Since all of the pipe line customers of the respondent in Arkansas are consumers of gas with the exceptions of the three distributing companies, the sale and delivery of gas to those pipe line customers who are consumers is certainly a local business, subject to local regulation, if any meaning or force whatever is to be ascribed to the language just quoted.

[fol. 230] It will be recalled that in addition to the pipe line customers who consume gas in industrial plants, gas is delivered directly from the pipe line to some 300 rural consumers. By filing schedules showing the charges for gas sold and delivered to these rural customers, the respondent admits that the sale and delivery of gas to them is a local business, subject to local regulation. It is indeed difficult to understand upon what theory it can be contended that the sale and delivery of gas to industrial consumers is interstate business, while such sale and delivery of gas to rural consumers from the same pipe line is a local business. The facilities used in serving an industrial consumer are larger than those used in serving the rural consumers, and the industrial consumer will ordinarily use larger quantity of gas than a rural consumer. However, it is not our understanding that the distinction between interstate and intrastate commerce can be based upon the size of the facilities or the quantity of a commodity. If the sale and delivery of gas to the rural consumer is a local business, subject to local regulation, under no theory can it be said that the sale and delivery of gas to an industrial consumer is interstate business.

The respondent delivers the gas to one of its pipe line customers, a consumer, through the city distribution plants at Pine Bluff and Little Rock. Under the holding of the Supreme Court of the United States in the cases of East Ohio Gas Co. v. Tax Commission, supra, the sale and de-

livery of gas to this customer is certainly a local business, subject to local regulation.

Part of the gas involved in this case is produced in the Clarksville field and sold and delivered by respondent to the Little Rock Gas & Fuel Company for resale through its city distribution plants serving Little Rock and North Little Rock. This gas is produced, transported, sold and consumed exclusively in Arkansas and at no time is it ever within fifty miles of the state line, much less does it cross such a line. Therefore, its sale and delivery cannot, under any circumstances, be even remotely connected with interstate commerce.

[fol. 231] The Department finds, after giving practical consideration to all the material facts and circumstances established by the proof in this case, that the sale and delivery of gas by the respondent to its pipe line customers is a local business and subject to local regulation, and that the respondent should be ordered to file schedules showing the charges for the gas delivered to such customers.

The respondent contends that because there has been executed in Louisiana a contract setting forth the terms and conditions under which gas will be delivered to, and taken by, each pipe line customer, that the transaction is, therefore, interstate commerce. At one time, in determining whether a transaction was inter or intrastate commerce, a great deal of weight was given to where the contract was made and was to be performed. With the growth and expansion of commerce and the change in the methods of transacting business, the place of the execution of a contract is no longer conclusive in determining the character of commerce. In Dahnke-Walker Milling Co. v. Bondurant, 257 U. S. 382, 66 L. ed. 259, a contract was made and executed in Kentucky providing for the delivery on board cars in that state wheat which was known to be for shipment into the State of Tennessee. The court held that the shipment was the controlling factor in that case and that the transaction was one in interstate commerce. In the case of Federal Trade Commission v. Paper Trade Association, 273 U. S. 52, 71 L. ed. 534, a contract was executed in the state of their residence between a wholesaler and a retailer, both residing in the same state, for the sale, purchase and delivery of paper. The wholesaler, in order to comply with the terms of his contract, caused the paper

to be delivered to the retailer from a mill outside the state. The court held the transaction was one in interstate commerce, notwithstanding the place of the execution of the contract.

Furthermore, these contracts for gas are not different in substance from the contracts involved in the case of Atlantic Coast Line Ry. Co. v. Standard Oil Co., supra. In that case approximately 95% of the oil sold by the oil [fol. 232] company in Florida was on contracts made before the oil was shipped from its point of origin. They were for a period of one year and stipulated for average monthly deliveries. In actual practice "shipments to consumers were accommodated to their needs as under requirements contracts". The contracts in the case before the Department are nothing more or less than requirement contracts and cannot change what would otherwise be a local transaction to one in interstate commerce.

The question of whether commerce is interstate or intrastate must be determined by its essential character, not by mere billing or forms of contract. Atlantic Coast Line Ry. Co. v. Standard Oil Co., supra. It is not within the power of the parties by the form of their contract to convert what is a local business, subject to state control, into an interstate business. Browning v. Waycross, 233 U. S. 16, 58 L. ed. 828.

The respondent further contends that because it has never held itself out to serve any and all industries, and sells only to industries of its own selection from its pipe line system, that the sales of gas to its pipe line customers are not subject to regulation. The same question was before the Supreme Court of Arkansas in Arkansas Natural Gas Co. v. Norton, 165 Ark. 172, and the court there held that a public utility could not be considered a public utility with respect to certain classes of its consumers and as a private corporation with regard to certain others; that the company was required to supply all persons and corporations along the lines of its mains with natural gas without discrimination.

A public service corporation is required to supply service equally to all who offer to comply with its rules, if it supplies one industry located upon its pipe line, under similar circumstances and conditions it cannot lawfully refuse to supply another.

A like question was before the Supreme Court of North Carolina in the case of Salsbury & Spencer Railway Company v. Southern Power Company, 179 N. C. 330, P. U. R. 1920 D 560, and the court held as a general proposition [fol. 233] that when a public service corporation voluntarily enters the field for supplying a commodity to persons or corporations it thereby becomes subject to the provisions of the law that it must extend the same treatment and service to all persons and corporations who stand in these same conditions.

Respondent further contends that the sales to the pipe line customers, are sales at wholesale, and, therefore, not subject to regulation. Respondent cites no authority sustaining such a theory and we have been unable to find any. Gas sold and delivered to the pipe line customers who are consumers is in no sense of the word a wholesale transaction. Webster's New International Dictionary, Second Edition, defines the word "wholesale" as, "of, pertaining to or engaged in wholesale trade or business; selling or sold to retailers or jobbers rather than consumers." Winston's Simplified Dictionary, Advanced Edition, defines the word "wholesale" as, "selling as a practice to retailers or middlemen rather than to the ultimate consumer."

Furthermore, the quantity of articles moving in commerce has never been given any weight in determining what is or is not interstate commerce. The sale of a pound of nails, as well as a hundred tons, might be either.

The respondent relies upon the case of State Tax Com. v. Interstate Natural Gas Co., 284 U. S. 41, 76 L. ed. 156, as authority sustaining its position that the sale and disposition of gas to its pipe line customers in Arkansas is interstate commerce. In the judgment of the Department the case mentioned has no such effect. The facts in the two cases are not similar. In the Tax Commission case there was a trunk line of pipe extending from the gas fields in Louisiana through Mississippi and back into Louisiana. The pipe line sold daily to distributors in Louisiana seventy to seventy-five million cubic feet of gas. There were only two taps on the pipe line near Natchez and Woodville in the State of Mississippi. Through these taps from two hundred to five hundred thousand feet of gas were daily withdrawn. The gas flowed continually through the pipe line into and out of the State of Mississippi. In that case

there were not hundreds of taps through which hundreds [fol. 234] of consumers in Mississippi were served with gas.

Another case relied upon by the respondent is that of the Cities Service Gas Company v. Public Service Com., 85 S. W. (2) 890, recently decided by the Supreme Court of Missouri. In this case the court held that the supplying of natural gas upon demand to local consumers which was transported from one state to another was interstate commerce. In the opinion of the court it quoted the language hereinbefore quoted from the opinion of the Supreme Court of the United States in the case of Barrett v. Kansas Natural Gas Co. supra, and then proceeded to ignore it. Since a decision of the Supreme Court of the United States as to what is or is not interstate commerce is binding upon this Department, and the decision of the Supreme Court of Missouri is not, this Department is of the opinion that it should follow the Supreme Court of the United States rather than that of a state court, especially if there is irreconcilable conflict between the decisions.

We have disposed of all of the issues raised by the citation and response except that of whether the Department should direct the initiation of proceedings against respondent to enforce the penalties prescribed by Section 61 (b) of said Act 324 because of its failure to comply with General Order No. 13 in not filing schedules covering service to the pipe line customers as required by said order.

In promulgating general order No. 13 the Department acted administratively and it did not, and under the statute it was not required to, grant a hearing before issuing a valid administrative order.

The respondent, however, is entitled to present to some tribunal the question of whether the provisions of the order are in all respects valid and effective as to it or as to any class of its business in Arkansas. Everyone should be able to litigate a bona fide issue without incurring a penalty for doing so in the event he is unsuccessful. While the respondent is guilty of a dereliction in not notifying the Department of its intention not to file the schedules covering the service of gas to its pipe line customers, still this [fol. 235] fact is not, in the opinion of the Department sufficient under all of the facts and circumstances to warrant it in taking steps to enforce a penalty.

ORDER

It is Therefore Considered and Ordered:

1. That the Arkansas Louisiana Gas Company be, and it is hereby ordered and directed to file with the Department within thirty days from and after the date in the caption hereof, schedules in the form and of the date required by General Order No. 13 covering all gas sold and delivered by it to its pipe line or industrial customers in Arkansas.

2. That the Department do not take or direct the institution of any action against respondent with a view of enforcing any penalties prescribed by said Act 324 because of the failure of the respondent to comply with said General Order No. 13, and to file schedules covering the service of natural gas to its pipe line or industrial customers within the time prescribed by said order.

By Order of the Department.

Bernice C. Gentry, Secretary.

(Endorsed:) Received a copy of the above order this the 1st day of May, 1936. Arkansas Louisiana Gas Company, by Moore, Gray, Burrow & Chowning, Attorneys.

[fol. 236] BEFORE DEPARTMENT OF PUBLIC UTILITIES,

STATE OF ARKANSAS

[Title omitted]

APPLICATION FOR REHEARING—Filed May 20, 1936

Comes Arkansas-Louisiana Gas Company, respondent herein, and states that the order herein entered by the Department of Public Utilities at its session held in Little Rock, Arkansas, on April 30, 1936, requiring this respondent within thirty days from said date to file with the Department schedules in the form and of the date required by General Order No. 13 covering all gas sold and delivered by it to its pipe line or industrial customers in Arkansas, is erroneous and should be abrogated, vacated and set aside, and for cause states:

1. It is erroneously set forth in the Statement of Facts attached to said order and upon which said order is based

that the gas produced by respondent in Louisiana is turned into respondent's pipe line system and forced under high pressure to points of consumption or delivery for resale to consumers in the State of Arkansas. As applied to industrial and city gate customers the statement is incorrect since in each such case gas is sold and delivered to the customers by and under the terms of a written contract of sale entered into by and between respondent and the customer prior to the time of delivery to the customer of any gas.

2. It is erroneously set forth in said Statement of Facts that laterals or spurs have been built from lines A, C, H and K for the purpose of serving industries and city distribution plants, in some instances far removed from the location of said transmission lines.

3. It is erroneously set forth in the Statement of Facts that there is in what is called the ElDorado District a "vast" number of lines primarily constructed and now generally used to distribute gas to oil wells and petroleum [fol. 237] industries located in that area and not to transport gas beyond or through it; and that a proper conception of the concentration of lines in said area can be had by reference to the plat on page 14 of Exhibit 4. The said plat does not convey an accurate impression, since it is only a diagrammatic map and not drawn to scale, the area shown on said map being in fact about 300 square miles in size. There is nothing in the record to show that the lines in the ElDorado area were primarily constructed to distribute gas to oil wells or petroleum industries or that such is their only use at this time. All of the main transmission lines in said area either terminate at a distribution plant or go through the district and connect with other parts of the system.

4. It is erroneously set forth in said Statement of Facts that the lines in Arkansas are filled at all times with gas under high pressure in readiness to serve as needed, and that the movement, volume and pressure of the gas in the pipe line system is directly governed by the use of appliances owned by customers.

On the contrary, the record shows that the gas in the pipe line system is always in motion, and that the movement, the volume and the pressure of the gas is governed

and directed by gas dispatchers in the employ of respondent and by its pipe line employees at compressor stations. The record shows in this connection that the movement of gas from Louisiana into Arkansas is at all times regulated by gas dispatchers who at all times, in determining the amount of gas transported into Arkansas, are governed by the contractual requirements of pipe line, industrial and city gate customers.

5. It is erroneously set forth in said Statement of Facts that the gas dispatchers of respondent at the time of dispatching gas do not know what the demand of any particular customer is or will be and only undertake to supply sufficient gas to meet the entire system demand. The record shows that the dispatchers are acquainted with the con- [fol. 238] tracts for the sale and supply of gas to industrial, city gate and pipe line customers and through that source are acquainted with the contractual requirements of pipe line, industrial and city gate customers, and that in dispatching gas into Arkansas they are at all times governed by such requirements. In this connection, the record shows that in many instances such customers are required from time to time to notify the dispatchers in advance what their requirements will be.

6. It is erroneously set forth in said Statement of Facts that "to an extent not disclosed by the record" each of the contracts between respondent and its pipe line customers provides for a minimum charge or a charge for readiness to serve without regard to the quantity of gas consumed, and that they do not require the customer to take any specific quantity of gas within any given time. These contracts were placed in the record, and while the meaning of each is to be construed by an interpretation of the contract, yet it is a fact that under their terms the customer is required to take or pay for a specific minimum quantity of gas either daily, monthly or annually. In the case of city gate distribution plants there is a minimum requirement in each of the contracts based upon the minimum that consumers will require on the smallest day in the year.

7. It is erroneously set forth in the Statement of Facts that under the aforesaid contracts there is no actual sale or delivery of gas until such time as the customer through

his own appliances turns the gas to his own burner tips, and that no gas is sold or delivered to corporations owning and operating distribution plants until the customers thereof by means of their own appliances turn gas to their burner tips. This statement involves a legal conclusion rather than a statement of fact, but respondent contends that in all these cases the delivery of gas to the customer, whether industrial or a city gate distribution corporation, is made under and in accordance with the terms of a contract previously entered into for the sale of gas, and that the contract and delivery together constitute the sale.

[fol. 239] 8. It is erroneously set forth in said Statement of Facts that respondent will serve any prospective pipe line customer who is financially able to pay for the service. The statement is inconsistent with the record, since there might be a number of circumstances otherwise than the financial ability of the proposed customer to pay that might cause respondent to refuse service.

9. It is erroneously set forth in said Statement of Facts that respondent bases its charges for gas delivered to pipe line customers largely upon the cost of competitive fuels, irrespective of the cost of service; but that it attempts to secure such a price from each of said customers as will give it something more than actual out of pocket expense of the service. The record shows that respondent will not and does not serve any customer upon a basis that will not net a return upon its investment.

10. The Statement of Facts incompletely sets forth the status of rural domestic customers in stating that ordinarily the city or town distribution plant employees read the meters and make and collect the bills for the gas consumed by such customers. The record shows that the expense of reading the meters of rural domestic customers and of collecting their bills is always borne by the local city or town distribution plant, whose customers the rural domestic consumers are. Rural domestic customers are served under the schedules filed for and at the rates prevailing for the same class of customers served by the adjacent city or town distribution plant, and service to such customers and the regulation thereof is not involved in this proceeding.

11. It is erroneously set forth in said Statement of Facts that the gas moving from Louisiana into Arkansas is not

earmarked or labeled, and that respondent cannot say where any particular part of it will go when it leaves the wells. The record shows that the amount of gas dispatched periodically into the system in Arkansas is governed by the demands of pipe line and industrial customers, which demands are from time to time known to the respondent's dispatchers. The gas when dispatched from Louisiana into Arkansas is appropriated to the demands of the industrial and pipe line customers, whose demands in turn are determined and based upon their contracts with respondent.

[fol. 240] 12. It is erroneously set forth in said Statement of Facts that the pipe line system in Arkansas contains at all times at least fifty million cubic feet of gas. This conflicts with the record, from which it appeared, according to the testimony of J. C. Hamilton, that there could not be more than fifty million cubic feet of gas in the entire pipe line system. The entire system contains all of the pipe line in Arkansas, Louisiana and Texas.

13. It is erroneously set forth in the Finding attached to said order and upon which said order is based that there is no material difference between respondent's pipe line system in the State of Arkansas and its operation and a local distribution plant.

14. It is erroneously set forth in said Finding that there are "literally hundreds" of taps on each of lines A, H and K between the State line and the point where gas is delivered into the city distribution plants serving Camden, Hot Springs and Little Rock.

15. It is erroneously set forth in said Finding that gas is transported into Arkansas by respondent for the purpose of supplying "upon demand" respondent's customers therein, and that it is only delivered to the customer "if, when and as he desires to make use of it." To the contrary, the gas is transported into Arkansas and delivered to industrial customers and the city distribution plants at Little Rock, Camden and Hot Springs under and in compliance with previously entered into contractual requirements, binding alike upon respondent and said customers. Gas is not transported and delivered for supply upon casual demand.

16. It is erroneously set forth in the Finding that the title to the gas does not pass from respondent to such cus-

tomer until the customer turns the gas to his burner tips by means of appliances upon his premises and exclusively within his control.

[fol. 241] 17. The Finding is in error in stating that the distribution of gas in Arkansas by respondent is similar to the case where at some central point a tank of the same capacity as the pipe line system is maintained and by some means kept constantly filled with gas from which the demands of every city distribution plant, pipe line customer, and more than three hundred rural customers are supplied directly.

18. The Finding is erroneous in considering and referring to rural comestic customers in connection with industrial pipe line and city gate distribution plant customers. Rural domestic customers are not supplied and sold gas in the same manner as industrial and city gate customers, and the service to rural domestic customers is not an issue in this hearing.

19. It is erroneously stated in the Finding that there is no practical difference in respondent's method of distributing gas to its pipe line and rural customers and the city distribution plants in South Arkansas and that employed in the distribution of gas to customers through a city distribution plant.

20. It is erroneously stated in the Finding that since all of the "pipe line customers" of respondent in Arkansas are "consumers" of gas with the exception of the three distributing companies, the sale and delivery of gas to those pipe line customers who are consumers is a local business subject to local regulation. If by "pipe line customers" is meant the industrial customers, the sale of gas to whom is in question in this hearing, the statement is inaccurate in that respect, since the service to industrial customers is upon a different basis, contractually and otherwise, from service by a city distribution plant to local consumers; and there are many other differences, physical and otherwise, between the two services. Furthermore, owing to the lack in density of customers over the particular area in question, pipe line service to industrial customers in no way resembles city distribution to local customers.

[fol. 242] 21. The Finding errs in holding that the sale and delivery of gas by respondent to its pipe line customers is a local business and subject to local regulation, and that respondent should be ordered to file schedules showing the charges for the gas delivered to such customers.

22. The Department erred in applying, in the Finding, the original package doctrine to respondent's business of selling and supplying gas to its industrial pipe line and city distribution customers.

23. The Department erred in said Finding, assuming that the original package doctrine is applicable, in concluding that said business was local and subject to local regulation.

24. The Department erred in holding in its Finding that the contracts under which gas is sold and supplied by respondent to its pipe line industrial customers and city distribution customers have no effect in determining whether the business is interstate instead of intrastate and local, and in holding that the said contracts are to be given no force in determining the character of the business as interstate or local.

25. In the above connection, the Department also erred in holding that the contracts are nothing more or less than requirement contracts.

26. The Department erred in its said Finding in not holding that the gas supplied and sold to respondent's pipe line industrial customers and city distribution customers was transported from the State of Louisiana into the State of Arkansas in accordance with the terms and requirements of contracts previously entered into for the sale and transportation of such gas, and that the business was therefore interstate and not subject to local regulation by the State of Arkansas or its Department of Public Utilities.

27. The Finding is in error in its conclusion that respondent is engaged as a public service corporation in the furnishing and sale of gas to its industrial pipe line customers and city distribution customers. Respondent contends that in said business it is not engaged as a public service corporation and is not subject to public regulation.

[fol. 243] 28. The order of the Department in requiring respondent to file with the Department schedules in the form

and of the date required by General Order No. 13, covering all gas sold and delivered by it to its pipe line or industrial customers in Arkansas, is erroneous and should be abrogated, vacated and set aside.

(1) Because respondent in supplying and selling gas to its said industrial pipe line customers and city distribution customers is engaged in interstate commerce and is therein not subject to local or State regulation, and that the said order for that reason is contrary to and in violation of Section 8 of Article I of the Constitution of the United States;

(2) Because respondent in the conduct of said business is not holding itself out as, acting as, or engaged in business as a public utility or public service corporation, but to the contrary is engaged in a private business not subject to regulation by this Department, and that said order therefore, if carried out, would take respondent's property without due process of law and deny to it the equal protection of the laws, all in violation of Section 1 of the Fourteenth Amendment to the Constitution of the United States.

Arkansas-Louisiana Gas Company, Respondent,
(Signed) H. C. Walker, Jr., by Moore, Gray, Burrow & Chowning, Attorneys.

[fol. 244] BEFORE DEPARTMENT OF PUBLIC UTILITIES

STATE OF ARKANSAS

[Title omitted]

ORDER DENYING APPLICATION FOR REHEARING—May 29, 1936

On May 20, 1936 the Arkansas Louisiana Gas Company, respondent herein, filed its application for a rehearing, praying that the order of the Department entered herein on April 30, 1936 be set aside and for naught held, and that it be granted a rehearing in this cause.

Upon consideration of said application for a rehearing, and the Department being well and sufficiently advised in the premises,

It is Therefore Ordered:

1. That said application for a rehearing in this cause be and the same is hereby denied.

By order of the Department.

Bernice C. Gentry, Secretary.

Copy hereof served by mail on Arkansas Louisiana Gas Co., Shreveport, and Moore, Gray, Burrow & Chowning, Little Rock, Arkansas.

This 29th day of May, 1936.

Bernice C. Gentry, Secretary.

[fol. 245] Secretary's certificate to foregoing transcript omitted in printing.

[fol. 246] PETITIONER'S REQUEST FOR FINDINGS OF FACT

Thereupon, petitioner requested the court to make the following findings of fact:

Petitioner's Request No. 1

The Court finds that the gas involved in this case which is delivered and sold by Arkansas Louisiana Gas Company to its pipe line industrial customers in Arkansas and to the local distributing corporations which it serves in Arkansas is produced in Louisiana and transported therefrom into Arkansas through high pressure transmission mains, and that the said gas flows in a continuous stream through the said mains from the point of production in Louisiana until delivered into pipes or distributing systems of the said industrial customers and local distributing corporations.

Petitioner's Request No. 2

The Court finds that Arkansas Louisiana Gas Company sells and delivers said gas to each of its pipe line industrial customers in the State of Arkansas and to each local distributing corporation which it serves in said State, under the terms of a special written contract previously entered into between Arkansas Louisiana Gas Company and said

customers fixing the price at which and terms under which the said gas is to be delivered, and that each of said contracts contemplates the transportation of gas across State Lines for its fulfillment. The Court further finds in this connection that the periodical payments made by said customers for gas delivered to them under said contract are made in the State of Louisiana.

Petitioner's Request No. 3

The Court finds that when the gas is withdrawn from the transmission line and delivered into the pipes of the industrial purchaser and of the local distributing corporation in Arkansas it is necessary to measure the amount so withdrawn by meter, and to reduce the pressure of the gas [fol. 247] from what it was in the transmission line. That the measurement of the gas and reduction of pressure is for the purpose of assisting in its delivery to the purchaser and is incidental thereto.

Petitioner's Request No. 4

The Court finds that Arkansas Louisiana Gas Company maintains at all times in the State of Louisiana employees known as gas dispatchers, whose duty it is to control the movement and volume of the gas transported from Louisiana into Arkansas through the company's main transmission lines. In this connection, the Court further finds that the gas dispatchers are acquainted with the contracts between Arkansas Louisiana Gas Company and its pipe line industrial customers and local distributing corporations in Arkansas and with the requirements for gas created by such contracts, and that said requirements are taken into consideration by said gas dispatchers in determining the amount of gas to be transported into Arkansas.

Petitioner's Request No. 5

The Court finds that, with the exception of gas delivered to the plants of Arkansas Power & Light Company at Little Rock and at Pine Bluff, all gas delivered by Arkansas Louisiana Gas Company to its pipe line industrial customers in the State of Arkansas and to the local distributing corporations which it serves in Arkansas is delivered and passes directly from the main transmission line, or from a spur or lateral which taps said line, into the said cus-

tomer's own pipes or distribution system. The gas so delivered into the customer's pipes or system is metered and its pressure reduced only at the point and time of delivery.

Gas is sold and delivered by Arkansas Louisiana Gas Company to its pipe line industrial customers only in large volume and for their industrial uses.

With the exception of the plants of Arkansas Power & Light Company in the cities of Little Rock and Pine Bluff, all of the pipe line industrial customers to which gas is sold [fol. 248] and delivered by Arkansas Louisiana Gas Company are situated beyond and without the limits of any town or city in Arkansas.

Petitioner's Request No. 6

The Court finds that the territory included in what is designated as "enlarged section, El Dorado District," shown on the map attached to "Exhibit 4" of the record contains an area of at least 300 square miles, and that the map of said section is not drawn to scale.

Petitioner's Request No. 7

The Court finds that Arkansas Louisiana Gas Company sells and delivers to Arkansas Power & Light Company for use in Arkansas Power & Light Company's electrical generating and distributing plant in the City of Little Rock all gas necessary for the requirements of said plant. That the gas is so sold and delivered under the terms of a special contract entered into by and between said companies fixing the terms under which and price at which said gas is to be delivered. That at the time of the hearing before the Department the gas passed at the Little Rock City from the transmission pipe of Arkansas Louisiana Gas Company into the high pressure line of Little Rock Gas & Fuel Company and moved continuously until delivered into the distributing system of Arkansas Power & Light Company. That the gas so delivered passed through the high pressure line of Little Rock Gas & Fuel Company under the terms of a contract between that Company and Arkansas Louisiana Gas Company by which Arkansas Louisiana Gas Company agrees to pay and does pay to Little Rock Gas & Fuel Company a rental for the use of said high pressure line of one cent per 1000 feet of gas transmitted.

Petitioner's Request No. 8

The Court finds that Arkansas Louisiana Gas Company sells and delivers to Arkansas Power & Light Company for use in Arkansas Power & Light Company's electrical generating and distributing plant in the City of Pine Bluff all gas necessary for the requirements of said plant. That the gas is so sold and delivered under the terms of a special [fol. 249] contract entered into by and between said companies fixing the terms under and price at which said gas is to be delivered. That Arkansas Louisiana Gas Company owns and operates the local gas distributing system in the City of Pine Bluff and that the gas delivered to the plant of Arkansas Power & Light Company in that city passes at what is known as the city gate from the main transmission line into a high pressure line belonging to the local distributing system through which it flows continuously until delivered to the pipes and distributing system belonging to the plant of Arkansas Power & Light Company.

Petitioner's Request No. 9

The Court finds that Arkansas Louisiana Gas Company has never held itself out as selling and delivering gas to all industries in the State of Arkansas, but that it delivers and sells only to such industries as it may select and such as are willing to agree with it upon the terms under which and the price at which gas shall be delivered.

The Court made said findings of fact as requested by petitioner, to which action of the court Respondent at the time excepted and saved its several separate exceptions as follows:

Respondent's Exceptions to Findings by the Court

1

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 1.

2a

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 2.

2b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Petitioner's Request No. 2.

2c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Petitioner's Request No. 2.

[fol. 250]

3a

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 3.

3b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Petitioner's Request No. 3.

3c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Petitioner's Request No. 3.

4a

The Respondents except to the action of the court in finding the facts to be as set forth in the Petitioner's Request No. 4.

4b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Petitioner's Request No. 4.

4c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Petitioner's Request No. 4.

5a

The respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 5.

5b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Paragraph One of Petitioner's Request No. 5.

5c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Paragraph One of Petitioner's Request No. 5.

5d

The respondents except to the action of the court in finding the facts to be as set forth in the Paragraph Two of Petitioner's Request No. 5.

[fol. 251] 5e

The Respondents except to the action of the court in finding the facts to be as set forth in Paragraph Three of Petitioner's Request No. 5.

6

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 6.

7a

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 7.

7b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Petitioner's Request No. 7.

7c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Petitioner's Request No. 7.

7d

The Respondents except to the action of the court in finding the facts to be as set forth in the third sentence of Petitioner's Request No. 7.

7e

The Respondents except to the action of the court in finding the facts to be as set forth in the fourth sentence of Petitioner's Request No. 7.

8a

The Respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 8.

8b

The Respondents except to the action of the court in finding the facts to be as set forth in the first sentence of Petitioner's Request No. 8.

8c

The Respondents except to the action of the court in finding the facts to be as set forth in the second sentence of Petitioner's Request No. 8.

8d

The Respondents except to the action of the court in find-
[fol. 252] ing the facts to be as set forth in the third sentence of Petitioner's Request No. 8.

8e

The respondents except to the action of the court in finding the facts to be as set forth in Petitioner's Request No. 9.

PETITIONER'S REQUEST FOR DECLARATIONS OF LAW

Thereupon Petitioner requested the court to make the following declarations of law.

No. 1

The transportation by Arkansas Louisiana Gas Company of gas from the State of Louisiana and delivery thereof in Arkansas by said Company to its industrial pipe line purchasers, under special contract with each such purchaser, constitutes interstate commerce and by reason of Section 8, Article I of the Constitution of the United States is not subject to regulation by the State of Arkansas or by its Department of Public Utilities.

(Respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 1. Respondents specifically except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 1 for the reason that the declaration declares the transaction between the petitioner and its pipe line customers to be interstate commerce and bases such declaration upon the contract which petitioner requires its pipe line customers to execute, and for the further reason that said contracts do not and cannot, under the law, convert what would otherwise be an intrastate transaction into one in interstate commerce.)

No. 2

The transportation by Arkansas Louisiana Gas Company of gas from the State of Louisiana and delivery thereof in Arkansas by said company to local distributing corporations, which said corporations distribute gas locally in cities or towns, under special contract with each such [fol. 253] corporation, constitutes interstate commerce and by reason of Section 8, Article I of the Constitution of the United States is not subject to regulation by the State of Arkansas or by its Department of Public Utilities.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 2. Respondents specifically except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 2 for the reason that the declaration declares the transaction between the petitioner and its pipe line customers to be interstate commerce and bases such declaration upon the contract which petitioner requires its pipe line customers to execute, and for the further reason that said contracts do not and cannot, under the law, convert what would otherwise be an intrastate transaction into one in interstate commerce.)

No. 3

The order entered by the Department of Public Utilities of the State of Arkansas on April 30, 1936, requiring Arkansas Louisiana Gas Company to file with the Department within thirty days from and after said date schedules in the form and of the date required by General Order No. 13 of said Department, covering all gas sold and deliv-

ered by Arkansas Louisiana Gas Company to its pipe line industrial customers in Arkansas is in violation of Section 8, Article I of the Constitution of the United States and is therefore void.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 3.)

No. 4

The order entered by the Department of Public Utilities of the State of Arkansas on April 30, 1936, requiring Arkansas Louisiana Gas Company to file with the Department within thirty days from and after said date schedules [fol. 254] in the form and of the date required by General Order No. 13 of said Department, covering all gas sold and delivered by Arkansas Louisiana Gas Company to local distributing corporations, which said corporations distribute gas locally in cities or towns in Arkansas, is in violation of Section 8, Article I of the Constitution of the United States and is therefore void.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 4.)

No. 5

Arkansas Louisiana Gas Company is not engaged in business as a public utility in selling and delivering in Arkansas to its pipe line industrial customers gas produced in Louisiana and transported therefrom into Arkansas, and in the conduct of such business is not subject to regulation by the State of Arkansas or its Department of Public Utilities.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 5.)

No. 6

Arkansas Louisiana Gas Company is not engaged in business as a public utility in selling and delivering in Arkansas to local distributing corporations, which said corporations distribute gas locally in cities and towns, gas produced in Louisiana and transported therefrom into Arkansas, and in the conduct of such business is not subject to

regulation by the State of Arkansas or its Department of Public Utilities.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 6.)

No. 7

The order entered by said Department on April 30, 1936, requiring Arkansas Louisiana Gas Company to file with the Department within thirty days from and after said date schedules in the form and of the date required by General [fol. 255] Order No. 13 of said Department, covering all gas sold and delivered by Arkansas Louisiana Gas Company to its pipe line industrial customers in Arkansas, denies Arkansas Louisiana Gas Company the equal protection of the law and deprives it of its property without due process of law, and is void because violative of the Fourteenth Amendment to the Constitution of the United States and of Section 18, Article II of the Constitution of Arkansas.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 7.)

No. 8

The order entered by said Department on April 30, 1936 requiring Arkansas Louisiana Gas Company to file with the Department within thirty days from and after said date schedules in the form and of the date required by General Order No. 13 of said Department, covering all gas sold and delivered by Arkansas Louisiana Gas Company to local distributing corporations in Arkansas denies Arkansas Louisiana Gas Company the equal protection of law and deprives it of its property without due process of law, and is void because in violation of the Fourteenth Amendment to the Constitution of the United States and of Section 18, Article II of the Constitution of Arkansas.

(The respondents except to the action of the court in declaring the law to be as set forth in Petitioner's Request No. 8.)

[fol. 256] Order Approving Bill of Exceptions

The Foregoing Bill of Exceptions was presented to me on this the 16 day of Dec. 1936, was examined and found correct and is therefore ordered to be filed as a part of the record in this cause.

Richard M. Mann, Trial Judge.

[File endorsement omitted.]

Stenographer's certificate to foregoing transcript omitted in printing.

[fol. 257] Clerk's certificate to foregoing transcript omitted in printing.

[fol. 258] In Supreme Court of Arkansas

4640

Department of Public Utilities et al., Appellants,

v.

Arkansas Louisiana Gas Company, Appellee

Appeal from Pulaski Circuit Court, Second Division

Judgment—June 28, 1937

This cause came on to be heard upon the transcript of the record of the circuit court of Pulaski County, Second Division, and was argued by counsel; on consideration whereof it is the opinion of the court that there is error in the proceedings and judgment of said circuit court in this cause, in this: The court erred in granting appellee's petition for review and in holding that General Order #13, issued by appellant, did not apply to certain sales by appellee, on the ground that such sales constituted transactions in interstate commerce.

It is therefore considered by the court that the judgment of said circuit court in this cause rendered be, and the same is hereby, for the error aforesaid, reversed, annulled and set

aside with costs; and that this cause be remanded to said circuit court with directions to overrule the petition for review and to require appellee to comply with General Order #13 by filing its schedule of rates applicable to all customers.

It is further considered that said appellant recover of [fol. 259] said appellee all its costs in this court in this cause expended, and have execution thereof.

[fol. 260] IN SUPREME COURT OF ARKANSAS

No. 4640

DEPARTMENT OF PUBLIC UTILITIES AND COMMISSIONERS, Appellants,

v.

ARKANSAS LOUISIANA GAS COMPANY, Appellee

Appeal from Pulaski Circuit Court, Second Division

Reversed

OPINION—Delivered June 28, 1937

GRIFFIN SMITH, C. J.:

General Order No. 13 was issued by appellant on April 13, 1935. It directed public utility companies doing business within the State, as defined in Sec. 1 of Act 324 of 1935, to file with the Department of Public Utilities all schedules of rates in effect as of April 2, 1935. In response to this order, appellee, a Delaware Corporation doing business in Arkansas, filed a partial schedule. From this report there was omitted the schedule of rates charged for certain classes of service. Included in the class of service for which no schedule was filed were about forty customers who purchased large quantities of gas for industrial purposes, and five classified as customers buying at wholesale and engaged in retail distribution to individual customers.

On November 4, 1935, the Department issued a citation, requiring the respondent-appellee to show cause why it should not file schedules applicable to the class of business not in-

cluded in the former report, and for convenience these customers will be referred to as pipe line customers.

The response filed with the Department was an allegation that the sales in question constituted transactions in interstate commerce, and therefore the Department was without power to regulate. The cause was set for hearing. Evidence was introduced, witnesses were examined and cross-examined, and a brief was filed by the respondent. Thereupon, the Department made a finding of facts, as follows:

"The respondent owns natural gas acreage in Northern Louisiana and in the Clarksville field in Arkansas, and produces gas from the acreage in each state. The respondent owns and operates a pipe line extending from the Clarksville field to Little Rock and by means of this line supplies six or seven of its own city distribution plants with gas produced [fol. 261] in that field. In addition to supplying gas to its own distribution plants respondent sells gas from that field to Empire Southern Gas Company, Arkansas Western Gas Company, and the Little Rock Gas & Fuel Company. Each of these companies resells and distributes the gas so purchased to consumers through city distribution plants. All of the gas produced in the Clarksville field is transported, sold, distributed and consumed exclusively in Arkansas.

"During the hearing the respondent filed schedules showing charges for gas produced in the Clarksville field and sold and delivered to Empire Southern Gas Company and Arkansas Western Gas Company.

"The gas produced by respondent in Louisiana is, along with gas purchased in that state, turned into a pipe line system owned and operated by respondent and by means of rock pressure, or compressor stations, strategically located, forced under high pressure ranging from 150 to 200 pounds per square inch, to points of consumption or delivery for resale to consumers, in the States of Arkansas, Louisiana and Texas. The respondent owns and operates three pipe lines and leases and operates another, all of which are laid across the line between the States of Arkansas and Louisiana. These lines are indentified as Lines A, C, H, and K. Line C was not used for transporting gas into Arkansas at the time of the hearing and had not been for some time prior thereto; therefore no further reference will be made to Line C.

"Line A crosses the Arkansas-Louisiana line some eight or ten miles east of a point where the States of Arkansas, Louisiana, and Texas join. This line extends in a north-

easterly direction from the State line crossing, to the southwestern corporate limits of the city of Little Rock. Line H is not owned, but is leased and operated by the respondent and crosses the line between the States of Arkansas and Louisiana some fifteen or twenty miles east of Junction City, Arkansas, and extends in a northwesterly direction to what is designated as Crusader Station No. 1 in Union County, Arkansas. Line K crosses the line between the State of Arkansas and Louisiana a few miles east of where said state line is crossed by Line H and extends in a Northwesterly direction to the Barton Compressor Station located a short distance north of the city of El Dorado, and continuing thence in a northwesterly direction to the city of Camden, Arkansas. By means of Line E, extending from [fol. 262] the Trees Compressor Station located on Line A near Emmet, Arkansas, in a southeasterly direction to Barton Compressor Station, and by means of Line E-1 (in reality an extension of Line E), Lines A, H and K are interconnected.

"Lines A, E, H and K constitute the principal or primary transportation system of respondent in South Arkansas. Laterals or spurs have been built from these lines for the purpose of serving industries and city distribution plants along and, in some instances, far removed from the location of said transmission lines. All gas transported into Arkansas by respondent moves through one or more of said lines, or laterals, or spurs thereto, in reaching a place of consumption. By means of said lines gas is transported and delivered to the gateway of more than fifty city distribution plants in Arkansas owned by the respondent, approximately 318 rural customers along the lines, and to the pipe line customers.

"In addition to the lines hereinabove described, there is in what is called the El Dorado District, a vast number of lines, primarily constructed and now generally used, to distribute gas to oil wells and petroleum industries located in this area and not to transport gas beyond or through it.

"All of the gas transported by respondent from the State of Louisiana into the State of Arkansas is consumed in Arkansas, with the exception of a relatively small amount consumed by citizens in Texarkana, Texas, and Junction City, Louisiana, served through city distribution plants.

"The gas moves across the Arkansas-Louisiana state line through each of Lines A, H and K for the purpose of serving the respondent's customers in Arkansas. At times the principal portion of this demand is supplied through Line A; at other times through either, or both, Line H or K. When the principal supply of gas is brought into Arkansas through Line A a portion of it is diverted into Line E and carried to the El Dorado District, and when the principal supply is carried through either or both Line H and K, a portion of the gas is diverted through Line E into Line A. The lines in Arkansas are filled at all times with gas under high pressure, in readiness to serve as needed. The movement, volume and pressure of the gas in the pipe line are directly governed by the use of appliances owned by consumers irrespective of whether said consumers are served directly through a tap off of a pipe line or some spur thereof, [fol. 263] or through a city or town distribution plant.

"There are 415 customers in Arkansas served through taps on Lines A, E, H or K, and their laterals or spurs, if we treat each city or town distribution plant as a customer. These consist of 318 rural consumers, 54 of respondent's city distribution plants, and the pipe line customers consisting of 40 industrial consumers, 2 city distribution plants owned by corporations affiliated with the respondent and one independently owned city plant.

"Line A has 141 taps in Arkansas between the state line and Little Rock, Line H has 117 taps, Line K has 99 taps, and Line E has 23 taps. While it is true that not all of these taps were in use at the time of the hearing, they all have been used at some time or they would never have been made. At the time of the hearing approximately 100 of them were not in use or not assigned directly to consumers.

"In the operation of the system respondent employs what is known as a gas dispatcher who, by reason of experience and consultation of weather reports and other valuable data, is able to estimate with reasonable accuracy the demands for gas, of not only the system in Arkansas, but in Louisiana and Texas, and accordingly directs the movement of gas in or into the three states. At the time of dispatching the gas neither he, nor any one else, knows what the demand of any particular customer is, or will be, and he only undertakes to supply sufficient gas to meet the entire system demand.

"The gas supplied to each pipe line customer is supplied under a contract signed by respondent at its general office at Shreveport in the State of Louisiana. To an extent not disclosed by the record, each of these contracts provides for a minimum charge, or a charge for readiness to serve, without regard to the quantity of gas consumed. While these contracts may vary as to the charges for gas and in other immaterial respects, they all provide that the title to the gas passes to the customer at the outlet side of the meter installed upon his premises, and do not require the customer to take any specific quantity of gas within any given time. He is merely required to take gas in sufficient quantities to supply the individual requirements of his distribution plant or industrial plant, as the case may be. If any customer's plant happens to be shut down and is not operating, no gas is delivered to him. These contracts [fol. 264] further provide that domestic customers, hospitals, schools and such customers as involve the element of human comfort shall be given preference to respondent's gas supply. Each of the contracts also provides that it is subject to the orders, rules and regulations by duly constituted authorities having jurisdiction over either buyer or respondent. There is no actual sale or delivery of gas until such time as the consumer through his own appliances turns the gas to his own burner tips. No gas is sold or delivered to corporations owning and operating distribution plants until the consumers thereof, by means of their own appliances, turn gas to their burner tips. The respondent will serve any prospective pipe line customer who is financially able to pay for the service. The respondent bases its charges for gas delivered to the pipe line customers largely upon the cost of competitive fuels, irrespective of the cost of service. However, it attempts to secure such a price from each of said customers as will give it something more than the actual out-of-pocket expense of the service.

"The tap through which city distribution plants receive gas from the pipe line is known as the city gateway. At each tap through which distribution systems and rural and pipe line customers receive gas, there is installed a pressure regulator which reduces the pressure of the gas from that in the pipe line to 8 or 10 pounds for city distribution and some pipe line customers, and as low as 8 or 10 ounces for other pipe line and rural customers. Irrespective of the pressure at which gas is metered and delivered to the city

gateway or consumers, it is billed at a base pressure of 8 ounces above a standard of 14.4 pounds atmospheric pressure. The many rural domestic customers served directly from the pipe line are served under schedules and at the rates prevailing for the same class of consumers served by the nearest city or town distribution plant, and ordinarily the city or town distribution plant employees read the meters and make and collect the bills for the gas consumed by these rural customers.

"The Arkansas Power & Light Company, one of the pipe line customers, takes large quantities of gas used as a fuel under steam boilers in its electric generating plants in Little Rock and Pine Bluff. Gas at both points is delivered to the power company through a city distribution plant. At Pine Bluff the respondent owns and operates the distribution plant, while that at Little Rock is owned and operated by the Little Rock Gas & Fuel Company, an affiliate of respondent. The respondent charges the distribution plants [fol. 265] with all gas passing through their gateway needed to supply their customers and the Arkansas Power & Light Company, and credits each plant with the gas delivered to the power company. The distributing company at Little Rock is paid 1¢ per M. C. F. for all gas thus delivered to the power company at that point.

"Three of the pipe line customers are corporations separately engaged as public utilities in supplying natural gas by means of city distributing plants to the citizens of Little Rock, Hot Springs and Camden. These companies are respectively, the Little Rock Gas & Fuel Company, the Consumers Gas Company, and the Camden Gas Company. Part of the gas sold to the Little Rock Gas & Fuel Company is produced in the Clarksville field in the State of Arkansas and transported and delivered exclusively in that state. All of the gas delivered to the Hot Springs and Camden companies is produced in and transported from the State of Louisiana.

"The remainder of the pipe line customers are consumers of gas in industrial plants of various character located in rural territory and are not served by any facilities used in distributing gas through local distribution plants.

"During the first eleven months of 1934 the respondent transported into Arkansas from Louisiana and sold and distributed 15,582,012,000 cubic feet of gas, of which 8,730,616,000 feet were sold to pipe line customers and 6,851,396,

000 feet were delivered to respondent's distribution systems. It is the sale of this 8,730,616,000 cubic feet of gas which the respondent contends is not subject to regulation by the State of Arkansas because of the commerce clause of the Federal Constitution."

The findings of the Department were followed by an order that a schedule of rates, inclusive of those charged customers whose service formed the basis of controversy, be filed; whereupon the respondent filed in the Pulaski Circuit Court a petition for review. The ruling of the Department was reversed. This appeal is from the action of the Circuit Court in so ruling.

Appellee, in its brief, says that there is little, if any, dispute as to the physical facts, the only variance being as to inferences to be drawn from them. Appellee calls attention to the fact that the production properties and the pipe [fol. 266] line system through which gas is transported from Louisiana and delivered into Arkansas were in 1928 acquired by Bethany Oil & Gas Company, a corporation organized under the laws of Delaware in 1920; that its charter gave it the right to produce, buy and acquire natural gas, and only under special contracts to be entered into for that purpose to sell such gas to such selected industries and public utilities as the corporation might from time to time elect, but not to itself become a public utility or engage in the business of supplying gas to the public generally. In 1928 the company filed its charter in Arkansas and secured permission to do business in this State. The corporate name was changed to Arkansas Louisiana Pipe Line Company. This company was never granted a franchise to function as a public utility, or to sell gas to the inhabitants of any city or district, and its main office was at Shreveport, La.

The system consisted of large transmission pipe lines and compressor stations which transported gas from the Louisiana and Texas fields into Arkansas, substantially as set out in appellant's finding of facts. Appellee says that such gas was transported by means of natural pressure from the Texas and Louisiana wells, supplemented by compressor stations, and that it was discharged into the distribution systems of local distributing companies to which it was sold, and into the pipes of the industrial customers direct from the transmission lines of the pipe line company. The gas was not treated in any manner after it had crossed

the state line. It is further claimed by appellee that all of the gas so transported was delivered either to local distributing companies engaged in the distribution of gas in cities and towns, or to large industrial customers along and near the transmission pipe line, and that the sales in such cases were by virtue of special contracts made with such selected industries and local distributing corporations; that the contracts varied in duration, terms and conditions, setting forth the price agreed upon and minimum requirements.

In support of its construction that the business in question constituted interstate commerce, appellee says that in each instance where such sales were made the buyer was responsible for the gas at the point of delivery and metering, adjacent to the transmission lines of the pipe line [fol. 267] company. The price depended upon the terms of the special contract and varied with the circumstances of service and of attending competition, a major factor in making prices being availability and cost of other fuels, such as coal and oil.

The business was conducted in this manner until Nov. 30, 1934, when the Arkansas Louisiana Pipe Line Company was merged with Southern Cities Distributing Company, and the name of the merged corporation was changed to Arkansas Louisiana Gas Company. Southern Cities Distributing Company owned a number of local distributing plants in towns and cities in Arkansas, and after the merger the Arkansas Louisiana Gas Company was owner of both the production and pipe line properties of the former Arkansas Louisiana Pipe Line Company, and of the distribution properties of the former Southern Cities Distributing Company.

The new corporation continued to engage in production and transmission of gas in the same manner these activities had been handled prior to the merger, with the single exception, as claimed by appellee, that the transmission department was severed and became distinct from the production department.

On September 30, 1935, additional local distributing plants were acquired by appellee, and it now owns all of the severed distribution properties except those at Little Rock, Clarksville, Hot Springs and Camden.

In support of its position that the service involved in this appeal constitutes interstate commerce, appellee says:

"Neither Arkansas Louisiana Pipe Line Company nor Arkansas Louisiana Gas Company ever undertook to serve from its transmission system all industries applying to it for service. It only served those industries within economic reach of its lines or which it could serve—it selected such customers. Some customers applied to it that it could not serve at all."

Appellee's witness Hamilton testified that there are eleven compressor stations along the pipe line system, the functions of which are to keep the gas in a constant and steady flow; that the gas never comes to rest in the line, but movements are constant until it is delivered to the customer's meters, or to the distributing plants: "From [fol. 268] the time the gas is taken into the line in Louisiana at any given time or in any one day, it is in transit until delivered to the customer. The pipe line is merely the vehicle through which the gas is transmitted."

Appellant concedes the general rule laid down by the Supreme Court of the United States that the transportation of natural gas from one state into another is interstate commerce. West v. Kansas Natural Gas Co., 221 U. S. 229, 55 L. ed. 716. This rule has been followed by state and federal courts in many cases. It is contended, however, that the question here is not whether the transportation of gas constitutes interstate commerce, but do the sale, distribution and delivery in Arkansas of gas transported from Louisiana under the facts before us retain the essential characteristics of interstate commerce?

Appellant directs attention to language used by the late Chief Justice Taft, and applies it to the circumstances we are now dealing with. In Atl. Coast Line Ry. Co. v. Standard Oil Co., 275 U. S. 257; 72 L. ed. 270 the Chief Justice said: "Determination of the character of commerce is a matter of weighing the whole group of facts in respect to it." In Swift & Co. v. U. S., 196 U. S. 375; 49 L. ed. 518, it was said: "Commerce among the states is not a technical legal conception, but a practical one drawn from the course of business." See also Foster-Fountain Packing Co. v. Haydell, 278 U. S. 1; 73 L. ed. 147; Rearick v. Penn. 203 U. S. 507; 51 L. ed. 295.

It is insisted by appellant that the "original package theory" is applicable to facts of the instant case, and attention is directed to 7 Enc. U. S. Sup. Ct. Rept. 298, where

the rule deducible from U. S. Supreme Court decisions is given as follows:

"The general rule is that as long as an article imported remains in the hands of the importer in the original and unbroken package in which it was imported, it is protected by the commerce clause of the Constitution from interference of state laws, and that it is only when the original package has been sold by the importer or has been broken by him, or has otherwise become mixed with the common mass of property in the state, that it becomes subject to state legislation." See May v. New Orleans, 178 U. S. 496; 44 L. ed. 1165; Commonwealth v. Paul 148 Penn. 559; 24 Atl. 78; Kansas v. Flannelly, 96 Ka. 372; P. U. R. 1916 C. 810; West Va. & Maryland Gas Co. v. Towers, 134 Md. [fol. 269] 137; P. U. R. 1919 D. 332; East Ohio Gas Co. v. Tax Commission, 283 U. S. 465; 75 L. ed. 1171.

In each of these cases the court held that the original package of gas transported from one state to another was broken when the commodity was turned into a city distribution plant. Appellee admits this construction, and does not contend that sales made by it to city distributing plants, as such, are protected as interstate commerce, but undertakes to distinguish this class of commerce from the individual sales made from its pipe lines to selected customers.

Among decisions relied upon by appellee is Re Pennsylvania Gas Co., 122 N. E. 260. The opinion was written by Mr. Justice Cardozo, then Associate Justice of the Court of Appeals of New York, now Associate Justice of the U. S. Supreme Court. Mr. Justice Cardozo there said: "The rule of the 'original package' is not an ultimate principle. It is an illustration of a principle. It assumes transmission in packages, and then supplies a test of the unity of the transaction. If other forms of transmission are employed, there is need of other tests." Again, in Baldwin v. Seelig, 294 U. S. 511, Mr. Justice Cardozo said: "The test of the 'original package', which came into our law with Brown v. Maryland, 12 Wheat. 419, is not inflexible and final for the transactions of interstate commerce, whatever may be its validity for commerce with other countries. * * * There are other purposes for which the same merchandise will have the benefit of the protection appropriate to interstate commerce, though the original packages have been broken and the contents subdivided.

* * * In brief, the test of the original package is not an ultimate principle. It is an illustration of a principle. Pennsylvania Gas Co. v. Public Service Comm. 225 N. Y. 397, 403; 122 N. E. 260."

Finally, in summing up its case, appellee says: "Appellant contends that failure to earmark or segregate any of the gas produced in Louisiana, when placed in the pipe line system in that state for delivery to any particular customer in Arkansas, prevents such gas from moving in and being a part of interstate commerce. But gas from its very nature is incapable of being earmarked for any particular destination or customer. It is a quasi-fluid substance and no one molecule can be segregated from another. It is impossible to identify any particular quantity of gas in a pipe line. That the Supreme Court of the United States has recognized this fact is shown by numerous decisions. In many [fol. 270] of them gas was transported from one state to another and in the latter delivered to a large number of local distributing corporations. In all of these cases it was, of course, obviously impossible to earmark the gas when placed in the pipe line for delivery to any particular one of the local companies to which it was to be delivered in the state of destination; nevertheless, in all of them the court held that the transaction constituted interstate commerce and was not subject to local regulation. In Eureka Pipe Line Company v. Hallaman, 257 U. S. 265, all of the oil was produced in West Virginia and in that state placed in a pipe line extending into Ohio. The producers, however, reserved the right to divert quantities of oil from the pipe line while still in West Virgina and before it crossed the line into Ohio. Manifestly, it was impossible to earmark or segregate any quantity of oil when put in the pipe line in West Virginia and say it was to be delivered in Ohio. Yet the Supreme Court held that all of the oil delivered in Ohio was the subject of interstate commerce.

"In Public Utilities Commission v. Attleboro Steam and Electric Co., 273 U. S. 83, the greater part of the electricity produced in Rhode Island was diverted for use in that state before it passed into Massachusetts. It was impossible to earmark that part of the electricity which was to be transported in Massachusetts. But the court held that the transportation of that part which did reach Massachusetts was interstate commerce, not subject to local regulation. In Dahnke-Walker Milling Co. v. Bondurant, 257 U. S. 282,

none of the grain purchased in Kentucky for shipment into Tennessee could be earmarked as destined for any particular customer in the latter state. But again the Court held that its purchase and transportation was interstate commerce, free from state interference.

"As heretofore remarked in discussing the original package doctrine, such considerations cannot apply to the interstate transportation and delivery of gas. From the very nature of the substance transported, the only true test is that of continuity—that is to say, continuous movement from the time the gas is placed in the pipe line in the state of production until its delivery to the customer in the state of destination. The Supreme Court of the United States in Missouri v. Kansas Gas Company, 265 U. S. 298, said: 'The transportation, sale, and delivery, constitute an unbroken chain, fundamentally interstate from beginning to [fol. 271] end, and of such continuity as to amount to an established course of business. The paramount interest is not local, but national, admitting of and requiring uniformity of regulation.'"

From these comments in appellee's brief, it will be seen that there are two considerations upon which reliance is placed to impress with interstate characteristics the gas sold to its pipe line customers: (a) There must be continuous movement from the time the gas is placed in the pipe line in Louisiana until delivery to the customer in Arkansas; and (b) the transportation, sale, and delivery must constitute an unbroken chain from beginning to end—of such continuity as to amount to an established course of business.

The most recent decision of the Supreme Court of the United States bearing directly upon the subject is Southern Natural Gas Corporation v. Alabama, Vol. 81, No. 13 L. ed. Advanced Opinions, p. 695. The Gas Corporation owned and operated an interstate transmission line extending from the gas fields of Northern Louisiana to Atlanta, and Columbus, in Georgia. Gas purchased by the corporation in Louisiana and Mississippi was transported through its line into Alabama, where supplies where withdrawn from the interstate line and delivered to customers, there having been four such customers in Alabama. Three of these customers were doing an exclusive intrastate business in supplying public utilities. The fourth customer was the Tennessee Coal, Iron, and Railway Company. This customer pur-

chased gas for itself and affiliated companies for use as fuel, and was not a distributor of public utilities.

It was urged by the Gas Corporation that its business in Alabama was wholly interstate, and therefore a franchise tax levied by the state was a burden on interstate commerce if assessed against the corporation. In denying this contention, the Court referred to and reaffirmed East Ohio Gas Co. v. Tax Commission, 283 U. S. 465, 75 L. ed. 1171, and said:

"We observed in that case that 'when the gas passes from the distribution line into the supply mains, it necessarily is relieved of nearly all the pressure put upon it at the stations of the producing companies', its volume is expanded, and it is divided into the smaller streams that enter the service lines connecting such mains with the pipes on the customer's [fol. 272] premises. In that case, the Ohio Company furnished gas to consumers in municipalities by means of distribution plants and that activity was held to be not interstate commerce, but a business of purely local concern within the jurisdiction of the State. The Court quoted with approval the statement in Missouri ex rel. Barrett v. Kansas Nat. Gas Co., 265 U. S. 298, 309, 68 L. ed. 1027, 1030, that 'The business of supplying on demand local consumers is a local business, even though the gas be brought from another State and drawn for distribution directly from interstate mains; and, this is so, whether the local distribution be made by the transporting company or by independent distributing companies. In such case the local interest is paramount, and the interference with interstate commerce, if any, indirect and of minor importance'.

"While the facts of the two cases are not the same, there is a clear analogy. * * * We perceive no essential distinction in law between the establishment of such a local activity to meet the needs of consumers in industrial plants, and the service to consumers in the municipalities, which was found in the East Ohio Gas Co. case, to constitute an intrastate business. As was said in that case: 'The treatment and division of the large compressed volume of gas is like the breaking of an original package, after a shipment in interstate commerce, in order that its contents may be treated, prepared for sale, and sold at retail.' "

We are of the opinion that gas sold to the pipe line customers, and that diverted through municipal plants in Little Rock and Pine Bluff for use of the Arkansas Power & Light

Company, is not a transaction in interstate commerce possessing the characteristics necessary to exempt the sales from state regulation.

The record shows that during the first eleven months of 1934, appellee transported into Arkansas from Louisiana and sold and distributed 15, 15,582,012,000 cubic feet of gas, of which only 6,851,396,000 cubic feet were delivered to distribution systems and classified for state regulation. Of the total quantity transported, 8,730,616,000 cubic feet, or more than half shipped into the state, were diverted to a use arbitrarily classed as interstate.

[fol. 273] Quantity would not be criterion for classification if the transactions constituted sales of a community continuously in motion from the time it went into the line in Louisiana until delivered to the customer—that is, if the transportation, sale and delivery constituted an unbroken chain from beginning to end. But they do not. In so far as deliveries to the wholesale customers are concerned (excepting gas supplied to the Arkansas Power & Light Company) appellee for all practical purposes maintains a distributing system through which it supplies a service similar in effect to that supplied by a local utilities agency.

Gas in large quantities is turned into the transportation system in Louisiana. There are 1,000 miles of these mains in Arkansas. More than fifty per cent of the gas supplied goes to customers served under individual contracts. An initial force of from 75 to 170 pounds per square inch must be exerted to set in motion and maintain the primary supply. This pressure cannot be exerted in a practical manner at the initial point of entry in Louisiana, and "booster" stations have been built along the route to keep the pressure constant, or high enough to meet delivery specifications. Requirements of customers are estimated approximately twenty-four hours in advance, and a "dispatcher" is employed for the purpose of procuring information from hour to hour with respect to what the needs may be.

At all times there is a supply of gas in the thousand miles of mains. This reserve is estimated to be about fifty million cubic feet, or an amount sufficient to meet requirements for several hours. The mains are "tapped" for diversion purposes, and the pressure is reduced substantially and then "metered" to the customer.

It is true that no particular gas pumped into the lines in Louisiana can be labeled as the identical gas supplied to a

designated customer, because the nature of the commodity precludes such identification. We might assume, as an illustration, that appellee's dispatcher, during a stated period of ten minutes, directs that gas be pumped into its line at the Louisiana point of entry under a constant pressure of 150 pounds, and it could be ascertained by mathematical calculations that a designated quantity of gas had been set in motion. The motion of physics and of common sense tell us that the quantity thus ascertained and started on its journey is not necessarily the same gas appellee will bill to a designated customer under a specific contract, nor is there [fol. 274] any process known to science by which its identity can be known.

Such gas, and all gas pumped into the mains in Louisiana, becomes part of a supply stored along a thousand miles of mains. It is affected by heat and cold, and by climatic variations. Expansion and contraction are attributes of its density and function independently of appellee. An individual customer's "tap" line may be idle or it may be active. A shut-down by the Arkansas Power & Light Company in Little Rock, a change from steam to hydro-electric service, would affect continuity of supply and demand. In these circumstances, transportation of gas theoretically "scheduled" to reach a point in Southern Arkansas one, two, three or four hours after entering the main, would be delayed indefinitely. According to acknowledged principles this hypothetical supply first pumped into the mains the anticipation of continued demands in Little Rock might never reach its destination, but on the contrary would remain in the storage facilities to be gradually consumed along the line.

Decisions of State and Federal Courts are called to our attention, and they are urged as authority for a desired construction. Many of these decisions appear conflicting, and the reasoning in one does not support the conclusions of another. But through most of them runs the general principle promulgated by Chief Justice Taft, whose theory it was that "Determination of the character of commerce is a matter of weighing the whole group of facts in respect to it. * * * Commerce among the states is not a technical legal conception, but a practical one drawn from the course of business."

The conception to be drawn from the course of appellee's business is that it has developed a practical system whereby,

if let alone, more than half of its sales in Arkansas will escape regulation by the State, while at the same time the physical facilities of the state, its resources, its laws and its police protection, are invoked in furtherance of its needs.

The cause is reversed with directions that respondent-appellee's petition for review be overruled and that General Order No. 13 of the Department of Public Utilities be complied with by appellee.

Copy.

[fol. 275] IN SUPREME COURT OF ARKANSAS

[Title omitted]

PETITION FOR REHEARING

Appellee, Arkansas Louisiana Gas Company, petitions the court for a rehearing of the above entitled cause and for grounds states:

1. The court erred in holding that appellee does not contend that sales made by it to local distributing corporations maintaining city distributing plants are protected as interstate commerce. Appellee sells and delivers to local distributing corporations maintaining local distributing plants at the cities of Hot Springs and Camden, Arkansas, gas transported from Louisiana, which gas is distributed locally in said cities by the said local distributing corporations, and appellee has always contended throughout this case that the sale by it of such gas to such corporations constitutes interstate commerce and is as such entitled to protection against regulation by the State of Arkansas.

2. The court erred in holding that the transportation, sale and delivery of gas from Louisiana to its pipe line industrial customers in Arkansas and to the local distributing corporations at the cities of Hot Springs and Camden does not constitute a continuous unbroken chain fundamentally interstate from beginning to end.

3. The court erred in holding that all gas pumped into appellee's mains in Louisiana becomes part of a supply stored along one thousand miles of mains, a part of which are located in Arkansas. The undisputed proof shows that the gas is in continuous motion and never comes to rest from

the time it is placed in the mains in Louisiana until it is delivered to the customers in Arkansas. While there is at all times gas in the mains it is in continuous motion and no gas is stored or comes to rest therein.

[fol. 276] 4. The court erred in holding that the gas placed in the mains in Louisiana and started on its journey to Arkansas is not necessarily the same gas that will be billed and delivered to a designated customer in Arkansas. The fact that the gas in the mains may be affected by heat and cold, and that expansion and contraction may result by reason of climatic variations, in no way affects the identity of the gas and has no bearing upon the determination of the question as to whether the gas is moving in inter-state commerce or in intra-state commerce.

5. The court in reaching its conclusion appears to have been influenced by the fact that appellee maintains along its mains "booster" or compressor stations for the purpose of keeping the pressure constant, and by the fact that at the point of delivery to pipe line customers the pressure is reduced for purposes of delivery. In this the court erred since the maintenance by appellee of such "booster" or compressor stations and the reduction by appellee of the pressure in order to effect delivery to customers is merely incidental to the inter-state delivery and sale of gas.

6. The court erred in assuming and holding that expansion or contraction, change of denisty, or the shutting down of an individual customer's tap line, or the cessation of taking of gas by a customer, would affect continuity of supply and demand; and erred in holding that the supply of gas first pumped into the mains in Louisiana in anticipation of continued demand might, instead of reaching its original destination, remain in "the storage facilities" to be gradually consumed along the line. There is no proof in the record as to the occurrence of any such conditions, and in determining the continuity of the sale, transportation and delivery customary day by day operations and conditions must be considered.

7. The court erred in holding that the transportation, sale and delivery of gas by appellee to its pipe line industrial customers and to the local distributing corporations at Camden and Hot Springs are similar to the breaking of an original package after the commodity has been shipped into

Arkansas, and that for such reason the business constitutes [fol. 277] intra-state commerce. The holding overlooks the fact that the original package doctrine cannot be applied to pipe line sales of inter-state gas; and it overlooks the further fact that the gas sold and delivered to appellee's pipe line industrial customers in Arkansas and to the local distributing corporations at the cities of Hot Springs and Camden is transported and delivered to them under special individual contracts of sale previously entered into between appellee and each of such customers. The original package doctrine does not apply to the inter-state transportation of commodities which are transported and delivered in pursuance of a contract previously entered into for their sale, which contemplates the transportation of the commodity across State lines.

8. The court erred in holding that the transportation, sale and delivery of gas by appellee from Louisiana to its pipe line industrial customers in Arkansas constitutes local intra-state commerce and is as such subject to regulation by the State of Arkansas and its Department of Public Utilities. The court erred in not holding that such sale, transportation and delivery constitutes inter-state commerce and that as such it is protected by Section 8, Article 1 of the Constitution of the United States against regulation by the State or its authorities.

9. The court erred in holding that the transportation, sale and delivery of gas by appellee from Louisiana to the local distributing corporations at the cities of Hot Springs and Camden constitutes local intra-state commerce and is as such subject to regulation by the State of Arkansas and its Department of Public Utilities. The court erred in not holding that such sale, transportation and delivery constitutes inter-state commerce and that as such it is protected by Section 8, Article 1 of the Constitution of the United States against regulation by the State or its authorities.

10. The court erred in holding that the order entered by the Department of Public Utilities of the State of Arkansas on April 30, 1936, requiring appellee to file schedules in the form and of the date required by General Order #13 of said Department covering gas sold and delivered by appellee to its pipe line industrial customers in Arkansas is valid, and [fol. 278] in not holding that the said order of April 30, 1936,

was in violation of Section 8, Article 1 of the Constitution of the United States and, therefore, void.

11. The court erred in holding that the order entered by the Department of Public Utilities of the State of Arkansas on April 30, 1936, requiring appellee to file schedules in the form and of the date required by General Order #13 of said Department covering gas sold and delivered by appellee to the local distributing corporations at the cities of Hot Springs and Camden is valid; and in not holding that said order of April 30, 1936 was in violation of Section 8, Article 1 of the Constitution of the United States and, therefore, void. It has been uniformly held by the Supreme Court of the United States that the transportation of gas by a pipe line company from one State into another and its sale and delivery in the latter State to local distributing corporations constitutes inter-state commerce and is not subject to regulation by the State. In respect of the sales to the local distribution corporations at Hot Springs and Camden, there is no reason to differentiate the case at bar from the decisions referred to.

12. The court erred in reversing the judgment of the Pulaski Circuit Court with directions that appellee's petition for review be overruled and that General Order #13 of the Department of Public Utilities be complied with by appellee; and erred in not affirming the judgment of the Pulaski Circuit Court.

Respectfully submitted, J. Merrick Moore, Attorneys for Appellee.

STATE OF ARKANSAS,
County of Pulaski, ss:

Comes J. Merrick Moore, a member of the firm of Moore, Gray, Burrow & Chowning, and states that this Petition for Rehearing is not filed for the purpose of delay, but that justice may be done.

J. Merrick Moore.

[fol. 279] IN SUPREME COURT OF ARKANSAS

PROCEEDINGS OF SEPTEMBER 20, 1937

Rehearing Petitions Submitted

The petitions for rehearing in the following cases being called, are now submitted with the responses and briefs

filed, and are by the court severally taken under advisement:

* * * * * * *

4640. Department of Public Utilities v. Arkansas Louisiana Gas Company.

* * * * * * *

[fol. 280] IN SUPREME COURT OF ARKANSAS

ORDER OVERRULING PETITIONS FOR REHEARING—October 4, 1937

Being fully advised, the petitions for rehearing in the following causes, are by the court severally overruled, viz:

4640. Department of Public Utilities v. Arkansas Louisiana Gas Company;

* * * * * * *

[fol. 281] IN SUPREME COURT OF ARKANSAS

ORDER SUBSTITUTING PARTIES—November 15, 1937

On this day comes on to be heard the motion of Arkansas Louisiana Gas Company, appellee, praying that this cause be allowed to proceed and to be maintained against Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger as Commissioners of the Department of Public Utilities. And it appearing that the former Commissioners of said Department, P. A. Lasley, T. G. Seal and Joe Bond, formerly respondents and appellants in this cause, have within less than one year before the filing of said motion, retired from office, and that the said Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger are their duly appointed and acting successors as such Commissioners, and that there is a necessity for the survival of this action to the end that a final settlement of the questions involved may be had:

It is hereby ordered that this action shall proceed and be maintained against the said Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger as the successors in office

of P. A. Lasley, T. G. Seal and Joe Bond and that the names of the said Thomas Fitzhugh, H. W. Blalock and Max H. Mehlberger, be substituted in all proceedings henceforth had in this cause for the names of their said predecessors.

[fol. 282] IN THE SUPREME COURT OF THE UNITED STATES

IN SUPREME COURT OF ARKANSAS

[Title omitted]

Petition for Appeal, Assignment of Errors and Prayer for Reversal—Filed December 1, 1937

PETITION FOR APPEAL

Your petitioner, Arkansas Louisiana Gas Company, is the appellant in the above entitled cause.

The proceeding originated with an order entered April 30, 1936, by the Department of Public Utilities of the State of Arkansas requiring your petitioner, a Delaware corporation maintaining its general offices in Shreveport, Louisiana, to file with said Department schedules covering all natural gas sold and delivered by it to certain pipe line customers of your petitioner in the State of Arkansas. These customers consist of industries which buy gas for fuel and industrial use and whose plants are beyond the corporate limits of any town or city and obtain gas from your petitioner's transmission line, and of two local distributing corporations which sell and distribute gas locally to the inhabitants of the Cities of Hot Springs and Camden, Arkansas. The gas sold and delivered by your petitioner to such customers was and is produced and purchased by your petitioner in the State of Louisiana and transported, sold and delivered by it to said customers in Arkansas in accordance with certain special contracts between your petitioner and each of said customers entered into before any gas is transported, sold and delivered to the customer. At the hearing before the said Department your petitioner filed a written response resisting the order upon the ground that its transportation, sale and delivery of such gas to said customers constitutes interstate commerce and is protected against regulation by the State and its authorities by Sec-

tion 8 of Article I of the Constitution of the United States. Subsequent to the entry of the aforesaid order by the Department an application for rehearing was duly filed by your petitioner and an order denying the same was entered by the Department on May 29, 1936. Thereafter within due time, and in accordance with the statute of Arkansas creating the said Department, your petitioner filed in the Circuit Court of Pulaski County, Arkansas, a petition for review asking that said order be vacated and set aside on the ground that the business regulated thereby constitutes [fol. 283] interstate commerce and for the reason that said order is therefore in violation of said Section 8, Article I of the Constitution of the United States. A response was duly filed in said Circuit Court by the Department, and in accordance with the aforesaid statute the transcript of the record made before the Department was filed in said Court. The cause was tried in the Pulaski Circuit Court without a jury and findings of fact and declarations of law were requested by your petitioner (appellant here), which said requests for findings of fact and declarations of law duly presented the contentions that the business sought to be regulated constitutes interstate commerce and that the order sought to be reviewed is violative of the aforesaid provision of the Constitution of the United States. The Pulaski Circuit Court granted your petitioner's said requests for findings of fact and declarations of law and found and declared the facts and the law as therein set out, and on November 7, 1936, entered its final judgment granting the prayer of your petitioner's petition for review and vacating and setting aside the order of the Department of Public Utilities.

Thereafter within due time the Department of Public Utilities perfected its appeal to the Supreme Court of Arkansas. The Supreme Court of Arkansas thereafter upon submission of the case on briefs of counsel on June 28, 1937, rendered an opinion holding that your petitioner in transporting, selling and delivering the aforesaid natural gas from Louisiana to the said pipe line customers in Arkansas was and is engaged in intrastate commerce, and that the order of the Department of Public Utilities is not violative of Section 8, Article I of the Constitution of the United States; and on the same date entered its judgment and order reversing the judgment of the Pulaski Circuit Court with directions that the petition for review filed in that

Court be overruled and that your petitioner comply with the said order of the Department of Public Utilities. Thereafter your petitioner duly and seasonably filed with the Supreme Court of Arkansas a petition for rehearing. The said petition was entertained and taken under submission by the Supreme Court, which, on October 4, 1937, entered its order denying it.

The Supreme Court of Arkansas is the highest Court of said State in which a decision in this suit can be had.

In this cause there is drawn in question the validity of an order of the Department of Public Utilities of the State of [fol. 284] Arkansas, purporting to have been made by said Department in pursuance of the powers conferred upon it by statute of the State, on the ground that said order is repugnant to the Constitution and laws of the United States, and the decision of the Supreme Court of Arkansas is in favor of its validity notwithstanding your petitioner's contention that said order violates Section 8 of Article I of the Constitution of the United States.

Your petitioner respectfully shows that the case is one in which, under the legislation in force when the Act of January 31, 1928, was passed, to-wit, under Section 237(a) of the Judicial Code, a review could be had in the Supreme Court of the United States on a writ of error as a matter of right.

Accordingly, your petitioner prays for the allowance of an appeal from the said decision and final judgment of the Supreme Court of Arkansas to the Supreme Court of the United States in order that said decision and final judgment may be examined and reversed; that a transcript of the record, proceedings and papers duly authenticated by the Clerk of the Supreme Court of the State of Arkansas be sent to the Supreme Court of the United States, as provided by law, and that an order be made fixing the amount of the bond to be required of your petitioner.

There is likewise filed herewith a statement as to the jurisdiction of the Supreme Court of the United States as provided by Rules 12 and 46 of the Rules of said Court.

The errors upon which your petitioner claims to be entitled to an appeal are more fully set out as follows, pursuant to Rules 9 and 46 of the Rules of the Supreme Court of the United States:

Assignment of Errors

1. The Supreme Court of Arkansas erred in holding that the gas produced and purchased in Louisiana by Arkansas Louisiana Gas Company and transported, sold and delivered by it to its pipe line industrial customers in Arkansas, and to the local distributing corporations in the Cities of Hot Springs and Camden, Arkansas, does not flow in a continuous stream through Arkansas Louisiana Gas Company's transmission mains from the State of Louisiana until the same is delivered to the said pipe line industrial customers and the said distributing corporations in the State of Arkansas; and the Supreme Court of Arkansas erred in holding that the transportation, sale and delivery [fol. 285] of said gas to the said pipe line industrial customers and local distributing corporations in Arkansas does not constitute a continuous unbroken chain, fundamentally interstate from beginning to end.

2. The Supreme Court of Arkansas erred in holding that the delivery by Arkansas Louisiana Gas Company to its customers in Arkansas of gas produced and purchased in the State of Louisiana and transported into the State of Arkansas is similar to the breaking of an original package after the commodity has been shipped into Arkansas, and that for that reason the transportation, sale and delivery of such gas by Arkansas Louisiana Gas Company to its pipe line industrial customers in Arkansas and to the local distributing corporations at the Cities of Hot Springs and Camden, Arkansas, constitutes intrastate commerce. The holding of the Supreme Court of Arkansas ignores the fact that the gas so transported, sold and delivered to such industrial customers and local distributing corporations in Arkansas is transported and delivered to each of them under a special contract of sale entered into between Arkansas Louisiana Gas Company and each of such customers prior to the sale and delivery of any gas, each of which said contracts contemplates the transportation of such gas across State lines.

3. The Supreme Court of Arkansas erred in holding that the transportation, sale and delivery by Arkansas Louisiana Gas Company of gas produced and purchased in Louisiana to its pipe line industrial customers in Arkansas constitutes intrastate commerce and as such is subject to

regulation by the State of Arkansas and its Department of Public Utilities. The Court erred in not holding that such sale, transportation and delivery constitutes interstate commerce and that as such it is protected by Section 8, Article I of the Constitution of the United States, against regulation by the State of Arkansas or its authorities.

4. The Supreme Court of Arkansas erred in holding that the transportation, sale and delivery by Arkansas Louisiana Gas Company of gas produced and purchased in Louisiana to the local distributing corporations at the Cities of Hot Springs and Camden, Arkansas, constitutes intrastate commerce and as such is subject to regulation by the State of Arkansas and its Department of Public Utilities. The Court erred in not holding that such sale, transportation and delivery constitutes interstate commerce and that as such it is protected by Section 8, Article I of the Constitution of the United States, against regulation by the [fol. 286] State of Arkansas or its authorities.

5. The Supreme Court of Arkansas erred in holding that the order entered by the Department of Public Utilities of the State of Arkansas on April 30, 1936, requiring Arkansas Louisiana Gas Company to file with said Department schedules covering all gas sold and delivered by Arkansas Louisiana Gas Company to its aforesaid pipe line or industrial customers in Arkansas, including the aforesaid local City distributing corporations, is valid, and erred in not holding that the said order of April 30, 1936, is in violation of Section 8, Article I of the Constitution of the United States, and therefore void.

6. The Supreme Court of Arkansas erred in reversing the judgment of the Pulaski Circuit Court and in directing that the petition for review of the order of the Department of Public Utilities be overruled and that Arkansas Louisiana Gas Company comply with said order by filing with said Department the aforesaid schedules; and erred in not affirming the judgment of the Pulaski Circuit Court.

Prayer for Reversal

For the errors hereinabove assigned your petitioner prays that the said final judgment of the Supreme Court of the State of Arkansas dated June 28, 1937, in the above

entitled cause be reversed, and that judgment be entered in favor of your petitioner.

H. C. Walker, Jr., J. Merrick Moore, Attorneys for Petitioner.

[File endorsement omitted.]

[fol. 287] IN SUPREME COURT OF THE UNITED STATES

[Title omitted]

ORDER ALLOWING APPEAL—Filed December 1, 1937

The petition of Arkansas Louisiana Gas Company for an appeal to the Supreme Court of the United States from the judgment of the Supreme Court of the State of Arkansas having been presented herein, accompanied by assignments of error and statement as to jurisdiction as provided by the Rules of the Supreme Court of the United States, and the record in this cause having been considered, it is hereby

Ordered that an appeal be and it is hereby allowed to the Supreme Court of the United States from the final judgment and order of the Supreme Court of the State of Arkansas herein, as prayed in said petition, and that the Clerk of the Supreme Court of the State of Arkansas shall, within forty days from this date, make and transmit to the Supreme Court of the United States under his hand and the seal of said Court, a true copy of the material parts of the record herein, which shall be designated by præcipe or stipulation of the parties or their counsel herein, in accordance with the rules of the Supreme Court of the United States.

It is further ordered that the said Arkansas Louisiana Gas Company shall give a good and sufficient bond in the sum of $1,000.00 that it shall prosecute said appeal to effect, and answer all damages and costs if it fails to make its plea good, and that said supersedeas bond when filed and approved shall stay the sending down of the mandate herein and all proceedings in this cause until the final disposition of this cause by the Supreme Court of the United States.

Griffin Smith, Chief Justice of the Supreme Court of Arkansas.

[File endorsement omitted.]

[fol. 288] Bond on appeal for $1,000.00, approved and filed December 1, 1937, omitted in printing.

[fols. 289-290] Citation, in usual form, showing service on Thomas Fitzhugh, filed December 1, 1937, omitted in printing.

[fol. 291] IN SUPREME COURT OF ARKANSAS

CERTIFICATE OF LODGMENT

I, W. P. Sadler, Clerk of said court, do hereby certify that there was lodged with me as such clerk on December 1, 1937, the following papers in the within styled case: Petition for Appeal and Allowance Thereof; Assignment of Errors and Prayer for Reversal; Bond on Appeal (a copy of which is attached in the transcript); Citation and Return, showing acceptance of service; Statement Showing Jurisdiction, and Service thereof pursuant to Rule 12.

In testimony whereof, I have hereunto set my hand and affixed the seal of said court at my office, in Little Rock, Arkansas, this 2nd day of December, 1937.

W. P. Sadler, Clerk Supreme Court, by C. R. Stevenson. (Seal.)

[fol. 292] IN SUPREME COURT OF ARKANSAS

RETURN TO ALLOWANCE OF APPEAL

In obedience to the commands of the within allowance of appeal, I herewith transmit to the Supreme Court of the United States a duly certified transcript of the complete record and proceedings in the within entitled case, together with all things concerning same.

In witness whereof, I hereunto subscribe my name, and affix the seal of said Supreme Court of Arkansas, in the city of Little Rock, this 2nd day of December, 1937.

W. P. Sadler, Clerk Supreme Court, by C. R. Stevenson, D. C. (Seal.)

[fol. 293] Clerk's certificate to foregoing transcript omitted in printing.

[fol. 294] IN SUPREME COURT OF THE UNITED STATES

STATEMENT OF APPELLANT'S POINTS ON WHICH IT INTENDS TO RELY, AND AS TO RECORD—Filed December 22, 1937

(Rule 13, Paragraph 9)

Appellant adopts its assignment of errors as its statement of the points upon which it intends to rely and states that the entire record, as filed, is necessary for a proper consideration of the case.

H. C. Walker, Jr., J. Merrick Moore, Attorneys for Appellant.

I acknowledge service for the appellees of the foregoing statement of the appellant of the points on which it intends to rely, and of that part of the record which it considers necessary for the proper consideration of the case, this 17th day of December, 1937.

Thomas Fitzhugh, Attorney for Appellees.

[fol. 295] [File endorsement omitted.]

Endorsed on cover: Enter J. Merrick Moore. File No. 42,126. Arkansas Supreme Court. Term No. 645. Arkansas Louisiana Gas Company, appellant, vs. Department of Public Utilities, Thomas Fitzhugh, W. H. Blalock and Max H. Mehlberger, Commissioners. Filed December 22, 1937. Term No. 645, O. T., 1937.

BLANK

PAGE